City of Colorado Springs
Municipal Airport Enterprise

2017

Financial Statements

For the year ended December 31, 2017

Colorado Springs Municipal Airport
Colorado Springs, Colorado
December 31, 2018 and 2017

Contents

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Independent Auditor's Report

The Honorable Mayor, Members of the City Council
and City Auditor
Colorado Springs Municipal Airport
Colorado Springs, Colorado

We have audited the accompanying financial statements of the Colorado Springs Municipal Airport (the Airport), an enterprise fund of the City of Colorado Springs, Colorado (the City), as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The Honorable Mayor, Members of the City Council
and City Auditor
Colorado Springs Municipal Airport
Colorado Springs, Colorado

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Airport, an enterprise fund of the City of Colorado Springs, Colorado as of December 31, 2018 and 2017, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note A.1., the financial statements of the Airport are intended to present the financial position and the changes in financial position and cash flows of only that portion of the business-type activities of the City that is attributable to the transactions of the Airport. They do not purport to, and do not, present fairly the financial position of the City as of December 31, 2018 and 2017, the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Airport's basic financial statements. The "Supplementary and Other Information" as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Honorable Mayor, Members of the City Council
and City Auditor
Colorado Springs Municipal Airport
Colorado Springs, Colorado

The "Supplementary and Other Information" is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The "Supplementary and Other Information" has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

BKD, LLP

Colorado Springs, Colorado
June 6, 2018

Colorado Springs Municipal Airport
Colorado Springs, Colorado
Management's Discussion and Analysis (Unaudited)
Years Ended December 31, 2018 and 2017

The following Management's Discussion and Analysis (MD&A) of the Colorado Springs Airport's (the Airport or COS) financial performance provides an overview of the financial activities of the Airport for the fiscal years ended December 31, 2018 and 2017. The information contained in this discussion should be considered in conjunction with the financial statements, notes, and supplemental information to the Airport's financial statements.

The Airport's financial statements are prepared using an accrual basis in accordance with Generally Accepted Accounting Principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB). The Airport is structured as an enterprise fund. An enterprise fund is self-sustainable through the airline rates and charges and receives no City general fund contributions. Capital assets are capitalized and (except for land and construction in progress) are depreciated over their useful lives. See notes to the financial statements for a summary of the Airport's significant accounting policies.

Following this MD&A are the financial statements of the Airport together with the notes to the financial statements, which are essential for a full understanding of the data contained herein. The Airport's financial statements are designed to provide readers with a broad overview of the Airport's finances.

Significant Changes in 2018 Airport Activities

In 2018, COS experienced its third consecutive year of passenger and seat growth, representing a 45% increase in scheduled seats since 2015. Compared to 2017, American, Frontier, and United each posted gains in traffic, more than offsetting the modest traffic decline by Delta and the minimal impact of the exit of Allegiant Air. American's increase (+20%) was driven by a larger mix of aircraft to Dallas/Ft. Worth (DFW) and the year-round continuation of Chicago (ORD) service. Frontier's growth (+12%) was fueled by a combination of larger aircraft and the launch of seasonal service to Atlanta (ATL), Minneapolis/St. Paul (MSP), San Antonio (SAT), and Seattle (SEA). United's increase (+2%) was driven by increases in frequency to each of its four markets, while Delta's decrease (-4%) was the result of reduction of service to ATL on slower days during shoulder seasons. Allegiant Air discontinued its less-than-daily service to Las Vegas in the first quarter of the year.

In April 2018, COS experienced a fire in its terminal building on the third floor roof. Rapid reporting and a quick response by airport staff and firefighters allowed the terminal to reopen within 24 hours with minimal loss of operations. The damage from the fire was covered entirely by insurance proceeds and, by the end of 2018, renovations were substantially completed on the 2nd and 3rd floors of the terminal. Despite this unfortunate event, the Airport has continued to see significant growth and has simultaneously made a number of customer-friendly upgrades within the terminal.

COS also saw growing interest for development among both the general aviation community and within the non-aeronautical Peak Innovation Business Park. New hangars by Sierra Nevada Corporation, an expansion of the National WWII Aviation Museum and FedEx cargo development all highlight current construction either underway or completed, with additional projects currently in design. The business park in 2018 saw two significant projects under development and others in design or planning stages. One of those projects will be constructed in 2019, along with significant infrastructure development and leading to additional development in coming years.

In 2018, the Airport adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Prior year comparative information has not been restated for adoption of GASB 75.

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Airport Activities Highlights

The activities of the Airport for the last three calendar years were as follows:

	2018	2017	2016
Enplaned Passengers	865,521	850,270	656,277
% increase (decrease)	1.8%	29.6%	9.8%
Aircraft Operations	136,515	135,178	130,354
% increase (decrease)	1.0%	3.7%	4.0%
Landed Weight (in thousands)	1,052,394	1,048,694	849,273
% increase (decrease)	0.4%	23.5%	6.2%
Enplaned/Deplaned Freight (in thousands)	15,311	15,841	17,656
% increase (decrease)	(3.3%)	(10.3%)	(27.6%)

Total 2018 enplanements were 1.8% above 2017 levels due to Non-Signatory carrier Frontier Airlines added routes to the Colorado Springs market with service to Atlanta, Minneapolis, San Antonio, and Seattle in 2018 in addition to increased service to Chicago, Fort Myers, and Tampa. Aircraft operations increased 1.0%, again due to Frontier's added routes in the Colorado Springs market. Additional airline routes (Frontier and American) in 2018 increased enplanements which in turn increased total landed weight. Landed weight for 2018, 2017 and 2016 reflects scheduled carriers, cargo operators, fire operations, charters, and Boeing operations. Landed weight varies each year depending on aircraft fleet mix changes and frequencies of flights. Military aircraft landed weight has been excluded from this calculation since their landed weight does not contribute to revenues earned. Airlines reduced the amount of freight through COS, resulting in a 3.3% decrease in enplaned and deplaned freight.

During 2018, five passenger air carriers supported the Airport with regularly scheduled non-stop service to 17 major cities. In addition, two air cargo operators, Federal Express and Key Lime, conducted air cargo operations utilizing the Airport's facilities.

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Financial Highlights

Summary of Revenues, Expenses and Changes in Net Position

	2018	2017	$ Increase (Decrease)	2016	$ Increase (Decrease)
Operating revenues	$ 17,626,339	$ 13,900,141	$ 3,726,198	$ 15,364,017	$ (1,463,876)
Operating expenses before depreciation	15,696,907	14,409,415	1,287,492	13,636,140	773,275
Excess before depreciation and other income, net	1,929,432	(509,274)	2,438,706	1,727,877	(2,237,151)
Depreciation and amortization	16,173,249	15,891,455	281,794	14,868,061	1,023,394
Operating loss	(14,243,817)	(16,400,729)	2,156,912	(13,140,184)	(3,260,545)
Net non-operating revenues	13,724,569	5,257,004	8,467,565	5,811,216	(554,212)
Capital grants and contribution	7,560,975	4,605,647	2,955,328	23,248,834	(18,643,187)
Transfers	—	—	—	(13,216)	13,216
Change in net position	7,041,727	(6,538,078)	13,579,805	15,906,650	(22,444,728)
Net position at beginning of year, as previously reported	251,677,624	258,215,702	(6,538,078)	242,309,052	15,906,650
Change in accounting principle - GASB 75	(1,003,986)	—	(1,003,986)	—	—
Net position at beginning of year, restated	250,673,638	258,215,702	(7,542,064)	242,309,052	15,906,650
Net position at end of year	$257,715,365	$251,677,624	$ 6,037,741	$258,215,702	$ (6,538,078)

Significant items affecting the Summary of Revenues, Expenses, and Changes in Net Position for 2018 are as follows:

- ✈ Operating revenues increased approximately $3.7 million, or 26.8%, due to a reduction in airline incentives, which were netted from revenue.
- ✈ Operating expenses before depreciation increased $1.3 million as a result of increased pensions, contract employment, advertising, software and fleet maintenance expense, and an increase of airport full-time employees.
- ✈ The net result of the above was operating loss improved $2.2 million for 2018.
- ✈ Non-operating revenues increased by $8.5 million from 2017 to 2018 due to an insurance settlement received for the fire in 2018.
- ✈ Capital grant and contribution revenues increased $3.0 million due to the receipt of two federal (FAA) grants in 2018.

- For 2018, net position was $257.7 million, an increase of $6.0 million.

Significant items affecting the Summary of Revenues, Expenses, and Changes in Net Position for 2017 are as follows:

- Operating revenues decreased approximately $1.5 million, or 9.5%, due to increasing airline incentives, which are netted against revenues.
- Operating expenses before depreciation increased $773,275 as a result of higher pension expense, contract employment, employee medical, advertising, software and fleet maintenance.
- The net result of the above was operating loss improved $3.3 million.
- Non-operating revenues decreased by $554,212 from 2016 to 2017 due to a one-time insurance settlement from a hail storm in 2016.
- Capital grant and contribution revenues decreased $18.6 million as a result of two large grants projects received in 2016.
- For 2017, net position was $251.7 million, a decrease of $6.5 million.

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Financial Position Summary

	2018	2017	% Change	2016	% Change
Current assets (including restricted cash)	$ 30,745,049	$ 31,147,976	(1.29)%	$ 30,894,988	0.82 %
Restricted investments	—	1,257,403	(100.00)%	1,259,671	(0.18)%
Bond insurance costs (net)	—	32,933	(100.00)%	37,969	(13.26)%
Notes receivable	2,655,087	2,266,780	17.13 %	2,174,679	4.24 %
Lease receivable	1,123,842	1,151,088	(2.37)%	1,177,007	— %
Property and equipment (net)	244,983,664	244,113,781	0.36 %	250,782,238	(2.66)%
Total assets	279,507,642	279,969,961	(0.17)%	286,326,552	(2.22)%
Deferred outflows of resources	1,446,906	3,039,927	(52.40)%	2,748,566	10.60 %
Total assets and deferred outflows	$ 280,954,548	$ 283,009,888	(0.73)%	$ 289,075,118	(2.10)%
Current liabilities	$ 6,244,418	$ 7,027,064	(11.14)%	$ 5,578,169	25.97 %
Long-term debt (less current portion)	3,729,243	11,250,175	(66.85)%	12,976,342	(13.30)%
Other non-current liabilities	11,509,255	12,697,567	(9.36)%	11,712,608	8.41 %
Total liabilities	21,482,916	30,974,806	(30.64)%	30,267,119	2.34 %
Deferred inflows of resources	1,756,267	357,459	391.32 %	592,297	(39.65)%
Total liabilities and deferred inflows	23,239,183	31,332,265	(25.83)%	30,859,416	1.53 %
Net position:					
Net investment in capital assets	237,037,714	229,480,085	3.29 %	238,109,407	(3.62)%
Restricted	658,563	5,197,314	(87.33)%	7,152,001	(27.33)%
Unrestricted	20,019,088	17,000,225	17.76 %	12,954,294	31.23 %
Net position	257,715,365	251,677,624	2.40 %	258,215,702	(2.53)%
Total liabilities and net position	$ 280,954,548	$ 283,009,889	(0.73)%	$ 289,075,118	(2.10)%

The largest portion of the Airport's net position each year is investment in capital assets less the related indebtedness outstanding used to acquire those capital assets. The Airport uses these capital assets to provide services to its passengers and visitors; consequently these assets are not available for future spending. Although the Airport's investment in its capital assets is reported net of related debt, it is noted that the resources required to repay this debt must be provided annually from operations, since it is unlikely that the capital assets themselves will be liquidated to pay liabilities.

At December 31, 2018, the amount of $658,563, or 0.3%, of net position represented resources that are subject to restrictions on how they can be used. For 2017, the amount was $5.2 million, or 2.1%, of net position. The Airport defeased the 2014 Series Revenue Bonds in December 2018, bringing the Bond and Operating and Maintenance Reserves to zero for 2018. The restricted net position is not available for new spending because it has already been committed as follows:

	2018	2017
Passenger facility charges	$ 658,563	$ 263,713
Bond and operating and maintenance reserves	—	4,933,601
Total restricted	$ 658,563	$ 5,197,314

The remaining unrestricted net position of $20.0 million for 2018 may be used to meet any of the Airport's ongoing obligations.

Airline Signatory Rates and Charges for 2018 and 2017

An Airline Use and Lease Agreement was executed January 1, 2016 with modifications that include: a longer term, five- year agreement, a new profit sharing component within landing fees, a formalized Majority In Interest process and a Signatory definition revision, to name a few. The current agreement establishes rates and charges through a hybrid commercial compensatory methodology with a revenue sharing component. The Airport calculates rents, fees, and charges annually for the Signatory Airlines based on the budgeted costs for operation and maintenance, debt service and bond requirements. These costs are allocated to various costs centers and are used to determine rates. As part of the agreement, the Signatory Airlines participate in Shared Income. The Shared Income credit is calculated as 50% of the remainder of Gross Revenues and Other Available Funds. Airlines that operate without signing the Signatory Use and Lease Agreement are considered Non-Signatory in nature and pay a premium of 125% of the Signatory rate. At the end of each fiscal year, a settlement is prepared based on actual results. Any airline revenue in excess of expense is shared 50% with Signatory Airlines and 50% to Airport, or in the case that expenses exceed revenues the Signatory airlines are billed for the deficit. Non- Signatory airlines do not share in the settlement.

The rates and charges for the signatory airlines were as follows (2018 rates are finalized after the issuance of these financial statements):

	2018	2017
Landing fees (per 1,000 lbs MGLW)*	$ 1.08	$ 0.90
Terminal rental rate (per sq ft)	49.75	45.40
Loading bridge rate (per bridge)	11,202	5,707
Signatory airline cost (per enplaned passenger)	$ 4.07	$ 3.90

* Maximum Gross Landing Weight

Passenger Facility Charges

In December 1992, the Airport received approval from the Federal Aviation Administration (FAA) to collect a $3.00 passenger facility charge (PFC) on each passenger enplaning at the Airport. Since then, the Airport has submitted twenty applications at the $3.00 PFC level continuing collection authority through May 2016. In March 2016, the Airport received authorization through both the Airlines and FAA to collect a $4.50 PFC beginning May 2016 with collection authority expiring July 2020.

The Airport, from the initial collection year of 1992, has collected PFCs including interest earnings thereon, totaling $76,415,490 as of prior year, $3,522,190 current year and $79,937,680 total to date. Additional information regarding PFCs can be found in Note A(3) of the accompanying financial statements.

Customer Facility Charges

In 1994, the City of Colorado Springs issued $6,093,000 in Special Facility Bonds to finance the construction of service and storage facilities for rental car companies located on the Airport. The customer facility charge (CFC) was originally established to pay the debt service and would have expired on September 1, 2004, however, City Council approved the continued collection with ordinance 04-32, which extended the collections through 2014. When the bonds were retired, there was an excess within the fund of $3,576,541. Per the bond documents, these funds were given to the Airport with $250,000 set aside as reserved funds per the rental car agreement.

An ordinance (04-32) was approved by the City Council on March 23, 2004, which allowed the Airport to continue to collect the CFC at the collection rate of $1.50 per rental car contract date until December 31, 2014. Due to the expiration of this ordinance and the change of city governance established by voter approved City Charter changes in 2010, the Director of Aviation has the authority to establish policy, procedures and rates necessary to operate the Airport. The Airport has established a new Rental Car Company Customer Facility Charge Policy, in accordance with the rental car concession agreements effective July 2018, that extends the collection of CFC's at the $2.50 rate for an additional ten years. Any increase in this rate will be based on the projected costs of anticipated capital projects outlined in the policy.

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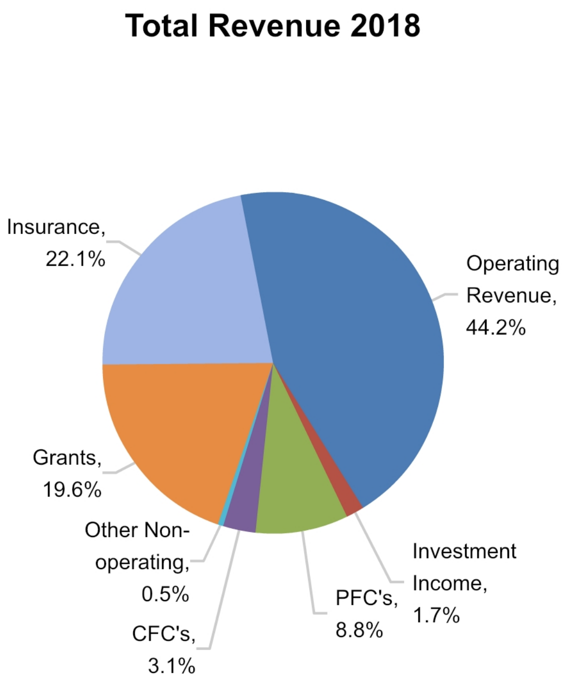
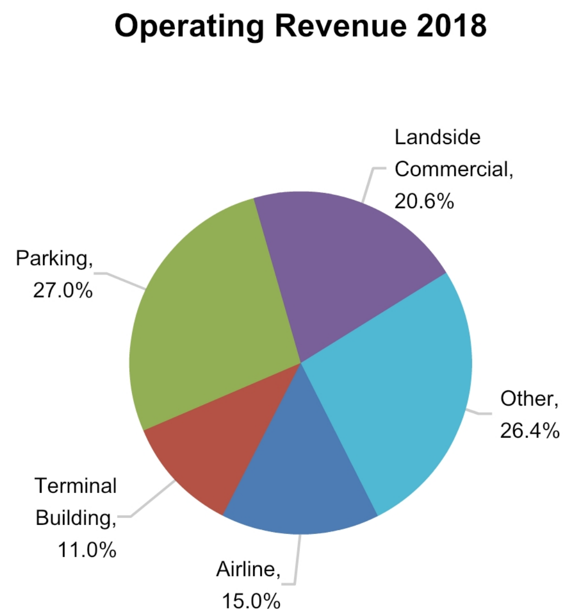
Financial Details

Revenues Overview:





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The following schedule presents a summary of all revenues for the fiscal years ended December 31, 2018 and 2017 with a comparison of changes in dollar amounts to the previous years.

	2018	2017	$ Increase (Decrease)	2016	$ Increase (Decrease)
Operating revenues					
Airline	$ 2,637,395	$ 1,298,038	$ 1,339,357	$ 4,009,165	$ (2,711,127)
Terminal building	1,946,075	1,661,784	284,291	1,635,848	25,936
Parking	4,753,387	4,717,490	35,897	3,985,361	732,129
Landside commercial	3,638,606	3,356,290	282,316	3,066,167	290,123
Other	4,650,876	2,866,539	1,784,337	2,667,476	199,063
Total operating revenues	17,626,339	13,900,141	3,726,198	15,364,017	(1,463,876)
Non-operating revenues					
Investment income	673,825	467,605	206,220	650,215	(182,610)
Passenger facility charges	3,522,190	3,448,341	73,849	2,215,716	1,232,625
Customer facility charges	1,249,182	823,358	425,824	732,749	90,609
Insurance settlement	8,798,107	892,507	7,905,600	4,623,062	(3,730,555)
Other non-operating revenue	201,232	183,489	17,743	179,665	3,824
Operating grant	237,513	381,416	(143,903)	179,495	201,921
Capital grants	7,560,975	4,605,647	2,955,328	23,248,834	(18,643,187)
Total non-operating revenue	22,243,024	10,802,363	11,440,661	31,829,736	(21,027,373)
Total revenues	$ 39,869,363	$ 24,702,504	$ 15,166,859	$ 47,193,753	$ (22,491,249)

Operating Revenues:

Significant items for 2018 as compared to 2017 were as follows:

- Airline revenue increased by $1.3 million due to increased air service and enplanements.
- Terminal building revenue increased $284,291 due to changes in the rate structure of non-airline tenants.
- Parking revenue increased $35,897 due to the addition of new air service, resulting in increased passenger traffic.
- Landside commercial revenue increased $282,316 due to an increase in gross rental car services and air service, resulting from increased passenger traffic.
- Other revenue increased $1,784,337 due to increased premier memberships and fuel sales.

Significant items for 2017 as compared to 2016 were as follows:

- Airline revenue decreased by $2.7 million due to increased airline incentives, which are netted against revenues. The increase in airline incentives is attributable to eight additional routes added during the year.
- Terminal building revenue increased $25,936 due to changes in the rate structure of non-airline tenants.
- Parking revenue increased $732,129 due to the increased passenger traffic as a result of new air service.
- Landside commercial revenue increased $290,123 due to an increase in gross rental car services and air service, resulting from increased passenger traffic.
- Other revenue increased $199,063 due to increased premier memberships and fuel sales.

Non-operating Revenues:

The significant items for 2018 as compared to 2017 are as follows:

- Investment income increased by $206,220 primarily due to an increase in fair value.
- Passenger Facility Charges increased by $73,849 due to increased air service.
- Customer Facility Charges increased by $425,824 due to increased air service and an increased CFC rate.
- Insurance settlement revenue increased $7.9 million due to a settlement from the fire claim in 2018.
- Other non-operating revenue increased $17,743 due to payments received from a capital lease with Cutter Aviation.
- Operating grants decreased by $143,903 due to reduced TSA funding for K-9 and Law Enforcement Officers.
- Capital grants increased by $3.0 million due to an increase in AIP federal funding.

The significant items for 2017 as compared to 2016 are as follows:

- Investment income decreased by $182,610 primarily due to paying off the 2007 A&B series bonds, which cut interest income in half.
- Passenger Facility Charges and Customer Facility Charges increased by $1,232,625 and $90,609 respectively, due to increased air service.
- Insurance Settlement revenue decreased $3.7 million due to an extraordinary settlement from a hail storm claim in 2016 on damage to the airport.
- Other non-operating revenue increased $3,824 resulting from lease payments received from a new capital lease to Cutter Aviation.

- Operating grants increased by $201,921 due to increased TSA funding for K-9 and Law Enforcement Officers.

- Capital grants revenue decreased by $18.6 million due to reduced AIP federal funding in 2017.

Expense Overview:

The following schedule presents a summary of all expenses for the fiscal years ended December 31, 2018 and 2017, along with comparisons in dollars to the prior years.

	2018	2017	$ Increase (Decrease)	2016	$ Increase (Decrease)
Operating expenses					
Salaries and benefits	$ 8,779,864	$ 7,883,098	$ 896,766	$ 6,675,491	$ 1,207,607
Other operating expenses	6,917,043	6,526,317	390,726	6,960,649	(434,332)
Total operating expenses before depreciation	15,696,907	14,409,415	1,287,492	13,636,140	773,275
Depreciation and gain or loss on disposal of capital assets	16,750,396	16,355,150	395,246	16,695,935	(340,785)
Interest expense and gain on bond defeasance	380,333	476,017	(95,684)	941,812	(465,795)
Total expenses	$ 32,827,636	$ 31,240,582	$ 1,587,054	$ 31,273,887	$ (33,305)

The significant items for 2018 expenses as compared to 2017 were as follows:

- Salaries and benefits were $896,766 higher as a result of fewer vacant positions.

- Other operating expenses were $390,726 higher due to higher costs for construction supplies, deicing chemicals, contract employment, advertising, building and fleet maintenance.

- Depreciation and loss on disposal of capital assets was $395,246 higher due to new assets being depreciated.

- Interest expense was $95,684 lower due to the continued payoff of the State Infrastructure Bank loans and the defeasance of revenue bonds.

The significant items for 2017 expenses as compared to 2016 were as follows:

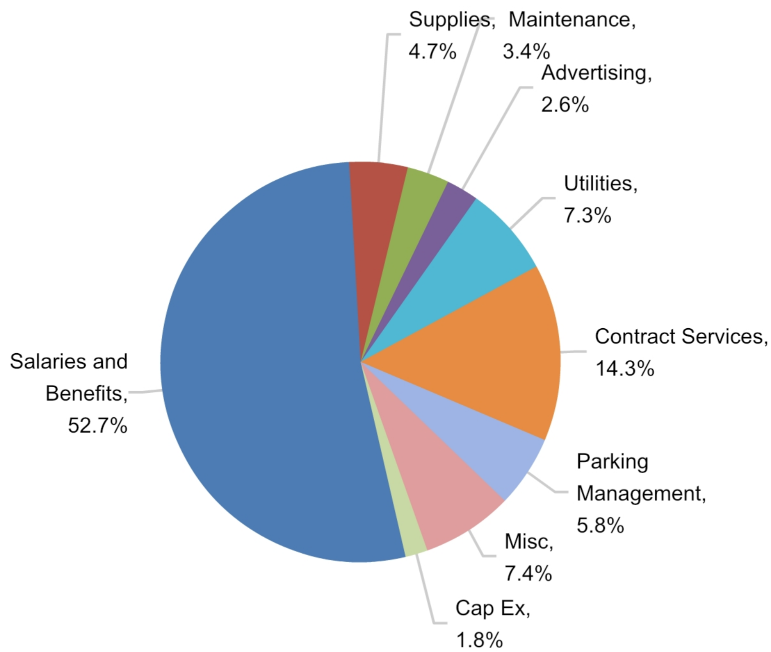
- Salaries and benefits were $1,207,607 higher as a result of fewer vacant positions.

- Other operating expenses were $434,332 lower due to lower costs for advertising, building maintenance and fleet maintenance.

- Depreciation and loss on disposal of capital assets was $340,785 lower.

- Interest expense was $465,795 lower due to the payoff of 2007 A&B series bonds.

Expense by Category:



The following chart shows the operating expenses before depreciation by category for the years ended December 31, 2018 and 2017.

	2018	2018	2017	$ Increase (Decrease)	2017
Salaries and benefits	$ 8,779,864	52.65%	$ 7,883,098	$ 896,766	54.71%
Supplies	776,473	4.66%	593,655	182,818	4.12%
Repairs and maintenance	563,177	3.38%	1,185,696	(622,519)	8.23%
Advertising	441,675	2.65%	227,562	214,113	1.58%
Utilities	1,219,823	7.32%	1,224,818	(4,995)	8.50%
Contract services	2,385,733	14.31%	1,013,031	1,372,702	7.03%
Parking management	973,184	5.84%	893,892	79,292	6.20%
Miscellaneous	1,239,444	7.43%	1,131,823	107,621	7.85%
Capital expenditures	296,041	1.78%	255,840	40,201	1.78%
Total expenses	$ 16,675,415	100.00%	$ 14,409,415	$ 2,265,999	100.00%

Note: Immaterial differences may occur due to rounding

The significant variances between 2018 and 2017 expenses by category were the result of:

- Salary and benefits increased in 2018 due to fewer vacant positions.
- Routine Airport repairs and maintenance decreased $622,519 due to lower costs on maintenance, software, and fleet items.
- Advertising increased by $214,113 due to development of in house marketing services.
- Contract services increased by $1,372,702 due to an increase in the use of temporary employees and legal fees.

Budgetary Highlights

	2018 Budget	2018 Actual	% Over/ (Under)	2017 Budget	2017 Actual	% Over/ (Under)
Airline revenues	$ 4,354,637	$ 2,637,395	(39.43)%	$ 4,518,616	$ 1,298,038	(71.27)%
Other operating revenues	14,558,351	14,988,944	2.96 %	12,588,854	12,602,103	0.11 %
Total operating revenues	18,912,988	17,626,339	(6.80)%	17,107,470	13,900,141	(18.75)%
Total operating expenses, without depreciation	15,270,152	15,696,907	2.79 %	14,233,387	14,409,415	1.24 %
Total operating income	$ 3,642,836	$ 1,929,432	(47.03)%	$ 2,874,083	$ (509,274)	(117.72)%

The significant variances related to the 2018 budget and actual figures were as follows:

- Airline revenues were below budget due to the reduced expenses within the airfield allocation, consequently reducing the amount Airlines are charged in their rates and charges.
- Other operating revenues were above budget due to increased enplanements and multiple building rate changes.
- Operating expenses before depreciation were above budget due to increased salary expenses related to fewer vacant positions.

The significant variances related to the 2017 budget and actual figures were as follows:

- Airline revenues were below budget due to the reduced expenses within salary & benefits and utilities within the cost recovery model, consequently reducing the amount Airlines are charged in their rates and charges.
- Other operating revenues were above budget due to increased premier membership as well as fuel sales and excise taxes.
- Operating expenses before depreciation were above budget due to increases in salaries and benefits related to fewer vacant positions.

Long-Term Debt

The Airport defeased the 2014 Series Revenue Bonds in December 2018 and there are no bonds outstanding as of December 31, 2018.

Additional information regarding the Airport's outstanding bonds can be found in Note C(5) of the accompanying notes.

In December of 2014 the Airport entered into a loan agreement with the Colorado Department of Transportation for $2,336,000 to finance capital projects. The outstanding balance on the loan was $1,470,165 and $1,694,706 on December 31, 2018 and 2017, respectively. The loan will be repaid with PFC revenues and matures December 15, 2024.

In May of 2016, the Airport entered into a loan agreement with the Colorado Department of Transportation for $3,431,183 to finance capital projects. The outstanding balance on the loan was $2,811,000 and $3,124,920 on December 31, 2018 and 2017, respectively.

Prior to the defeasement the Airport had public bond ratings from two major rating agencies. The ratings were as follows:

	Moody's		S & P	
Airport Revenue Bonds	Baa1	Stable	BBB+	Stable

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Capital Acquisition and Construction Activities

During fiscal years ended December 31, 2018 and 2017, the Airport expended approximately $18.6 and $9.4 million, respectively, in capital activities. The amount expended in 2018 was higher due to the insurance claim on the fire restoration project and federal funded projects. Property and equipment acquisitions are capitalized at cost if over $5,000.

Major capital projects for the years ended December 31 included:

	2018	2017
2018 Fire-Restorative/Capital	$ 6,224,374	$ —
Rehabilitation of Taxiway G TRM (Phase I)	4,327,924	4,100,795
Rehabilitation of Taxiway G TRM (Phase II)	3,693,863	347,559
Airport Terminal Modernization	1,347,887	—
Main Roof Replacement	724,875	293,321
Rehabilitation of Taxiway G TRM (Phase III)	449,561	—
Airport Terminal Facility Improvement (Phase II)	430,050	15,750
Airport IT Infrastructure Improvement	334,710	70,064
Airport Shuttle Bus Replacement	280,143	—
Westside Lav Cart Waste Disposal Facility	224,521	—
Airport Landside Improvements	140,366	—
Airport Business Park Site Development	131,512	—
Terminal Complex Improvement - 2018	126,142	—
Airport RAC Resurfacing Design	82,685	—
Deicing Pad	42,532	—
Reconstruction of Taxiway C	26,606	51,114
Airport Covered Parking Areas	18,790	—
Airport Fids/Bids Infrastructure	2,541	161,224
Airport Skylights	—	1,212,002
Cooling Tower Replacement	—	983,820
Corporate Aviation Water Supply	—	958,650
Terminal Complex Improvement	—	444,661
Airport Corp. Aviation Taxiway	—	306,100
Airport West Airfield Development Evaluation	—	198,451
Rehabilitation of Terminal Apron & Trench Drain System	—	93,688
Terminal Complex Improvement - Family Restrooms	—	89,452
Airport Landside Maintenance	—	32,028
Airport Roadway Rehabilitation	—	2,739
Total	$ 18,609,082	$ 9,361,418

Acquisitions are funded using a variety of financing techniques, including federal and state grants, passenger facility charges, customer facility charges, general airport revenue bonds, loans, capital leases and the Airport's capital fund.

Additional information regarding capital assets can be found in Note C(4).

Request for Information

This financial report is designed to provide a general overview of the Airport's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed in writing to: Thomas Roisum, Airport Accounting Manager, Colorado Springs Airport, 7770 Milton E. Proby Parkway, Suite 50, Colorado Springs, Colorado, 80916 or by email to troisum@springsgov.com.

Colorado Springs Municipal Airport
Colorado Springs, Colorado
Statements of Net Position
December 31, 2018 and 2017

	2018	2017
Assets and Deferred Outflows of Resources		
Current Assets		
Unrestricted cash and investments	$ 19,862,299	$ 17,539,578
Restricted cash and investments - passenger facility charges	217,245	—
Restricted cash and investments - bond reserves	—	4,933,601
Restricted cash and cash equivalents - other	1,593,170	1,662,006
Accounts receivable (net allowances of $16,082 and $14,201)	8,165,438	6,127,664
Restricted accounts receivable - passenger facility charges	441,317	497,271
Inventory	465,580	387,856
Total current assets	30,745,049	31,147,976
Noncurrent Assets		
Restricted investments - bond reserves	—	1,257,403
Prepaid bond insurance costs	—	32,933
Lease receivable	1,123,842	1,151,088
Notes receivable	2,655,087	2,266,780
	3,778,929	4,708,204
Capital assets		
Land	17,648,918	18,367,718
Buildings	67,444,900	70,164,139
Improvements other than buildings	277,882,355	265,407,450
Machinery and equipment	22,937,744	22,041,871
Infrastructure	47,933,084	47,933,084
Vehicles	6,954,082	6,538,168
Intangibles	661,903	661,903
Construction in progress	2,132,609	1,512,216
Less accumulated depreciation	(198,611,931)	(188,512,768)
Total capital assets (net of accumulated depreciation)	244,983,664	244,113,781
Total noncurrent assets	248,762,593	248,821,985
Total assets	279,507,642	279,969,961
Deferred Outflows of Resources		
Deferred loss on refunding	—	125,262
Pension-related amounts	1,319,830	2,914,665
OPEB-related amounts	127,076	—
Total deferred outflows of resources	$ 1,446,906	$ 3,039,927

The accompanying notes are an integral part of these statements

Colorado Springs Municipal Airport
Colorado Springs, Colorado
Statements of Net Position
December 31, 2018 and 2017

	2018	2017
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	$ 2,713,328	$ 2,620,422
Accrued salaries and benefits	363,108	284,663
Compensated absences	28,016	24,329
Accrued interest payable	44,057	64,560
Due to other funds	123,026	113,037
Unearned revenue and other tenant deposits	2,344,120	2,217,204
Current portion of capital lease payable	76,842	74,388
Current portion of revenue bonds payable	—	1,090,000
Current portion of notes payable	551,922	538,461
Total current liabilities	6,244,419	7,027,064
Noncurrent Liabilities		
Compensated absences	532,297	462,246
Unearned revenue	2,087,074	2,209,905
Net pension liability	7,673,900	9,869,195
Net OPEB liability	1,136,605	—
Capital lease payable	79,378	156,220
Revenue bonds payable, net	—	6,969,010
Notes payable	3,729,243	4,281,165
Total noncurrent liabilities	15,238,497	23,947,741
Total liabilities	21,482,916	30,974,805
Deferred Inflows of Resources		
Pension-related amounts	1,746,988	357,459
OPEB-related amounts	9,279	—
Total deferred inflows of resources	1,756,267	357,459
Net Position		
Net investment in capital assets	237,037,714	229,480,085
Restricted - passenger facility charges	658,563	263,713
Restricted for bond reserves	—	4,933,601
Unrestricted	20,019,088	17,000,225
Total net position	$ 257,715,365	$ 251,677,624

The accompanying notes are an integral part of these statements

Colorado Springs Municipal Airport
Colorado Springs, Colorado
Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2018 and 2017

	2018	2017
Operating Revenues		
Airline revenues	$ 2,637,395	$ 1,298,038
Terminal building concessions	1,946,075	1,661,784
Parking concessions	4,753,387	4,717,490
Landside commercial concessions	3,638,606	3,356,290
Rented buildings, fuel sales and other	4,650,876	2,866,539
Total operating revenues	17,626,339	13,900,141
Operating Expenses		
Salaries and benefits	8,779,864	7,883,098
Other operating expenses	6,917,043	6,526,317
Depreciation	16,173,249	15,891,455
Total operating expenses	31,870,156	30,300,870
Operating Loss	(14,243,817)	(16,400,729)
Non-operating Revenues (Expenses)		
Investment income	673,825	467,605
Passenger facility charges	3,522,190	3,448,341
Customer facility charges	1,249,182	823,358
Insurance settlement	8,798,107	892,507
Other nonoperating revenue	201,232	183,489
Operating grants	237,513	381,416
Interest expense	(383,632)	(476,017)
Gain on bond defeasance	3,299	—
Loss on disposal of capital assets	(577,147)	(463,695)
Total non-operating revenues (expenses)	13,724,569	5,257,004
Loss Before Capital Grants and Contributions	(519,248)	(11,143,725)
Capital Grants and Contributions	7,560,975	4,605,647
Change in net position	7,041,727	(6,538,078)
Total Net Position – Beginning of Year, as Previously Reported	251,677,624	258,215,702
Change in accounting principle - adoption of GASB 75	(1,003,986)	—
Total Net Position – Beginning of Year Restated	250,673,638	258,215,702
Total Net Position – End of Year	$ 257,715,365	$ 251,677,624

The accompanying notes are an integral part of these statements

Colorado Springs Municipal Airport
Colorado Springs, Colorado
Statements of Cash Flows
Years Ended December 31, 2018 and 2017

	2018	2017
Cash Flows from Operating Activities		
Receipts from customers	$ 17,121,350	$ 15,391,296
Receipts from interfund services provided	33,328	33,328
Payments to suppliers	(5,420,656)	(5,030,874)
Payments to employees	(8,627,681)	(7,174,333)
Payments for interfund services used	(2,074,616)	(1,600,211)
Net cash provided by operating activities	1,031,725	1,619,206
Cash Flows from Noncapital Financing Activities		
Operating grant	237,513	381,416
Net cash provided by noncapital financing activities	237,513	381,416
Cash Flows from Capital and Related Financing Activities		
Capital grant	8,312,790	3,458,379
Capital expenditures	(16,776,285)	(8,818,074)
Insurance settlement	6,500,000	4,515,569
Passenger facility charges	3,336,728	3,284,482
Customer facility charges	1,249,182	833,021
Principal payments on loans	(538,461)	(525,327)
Interest payments on loans	(120,491)	(133,624)
Principal payments on capital lease	(74,388)	(72,013)
Principal payments on revenue bonds	(7,420,000)	(1,040,000)
Interest payments on revenue bonds	(371,000)	(423,000)
Proceeds from sale of capital assets	1,920,368	76,465
Net cash provided by (used in) capital and related financing activities	(3,981,557)	1,155,878
Cash Flows from Investing Activities		
Interest received on investments	129,214	321,158
Purchases of investments	(7,361,335)	(8,909,261)
Proceeds from sales and maturities of investments	9,944,557	3,427,396
Principal payment received on lease receivable	27,245	25,919
Interest received on lease receivable	236,353	241,681
Net cash provided by (used in) investing activities	2,976,034	(4,893,107)
Net increase (decrease) in cash and cash equivalents	263,715	(1,736,607)
Cash and cash equivalents – beginning of year	2,069,410	3,806,017
Cash and cash equivalents – end of year	$ 2,333,125	$ 2,069,410
Reconciliation of cash and investments to statement of net position		
Unrestricted cash and cash equivalents	$ 522,710	$ 407,404
Unrestricted investments	19,339,589	17,132,174
Total unrestricted cash and investments	$ 19,862,299	$ 17,539,578
Restricted cash and cash equivalents	$ 1,810,415	$ 1,662,006

The accompanying notes are an integral part of these statements

Colorado Springs Municipal Airport
Colorado Springs, Colorado
Statements of Cash Flows
Years Ended December 31, 2018 and 2017

	2018	2017
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities		
Operating loss	$ (14,243,817)	$ (16,400,729)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation	16,173,249	15,891,455
Deferred outflows of resources - pensions	1,594,835	(310,514)
Deferred outflows of resources - OPEB	(127,076)	—
Deferred inflows of resources - pensions	(1,389,529)	(234,838)
Deferred inflows of resources - OPEB	(9,279)	—
Net pension liabilities	(2,195,295)	1,281,891
Net OPEB liabilities	1,136,605	—
Other expense	(208,361)	159,167
Decrease (increase) in assets		
Receivables	370,760	145,934
Inventory	(77,724)	(207,376)
Increase (decrease) in liabilities		
Accounts payable	92,906	(17,931)
Accrued salaries, benefits, and sick leave benefits	(78,445)	(27,774)
Due to other funds	123,026	112,952
Unearned revenue and other tenant deposits	(130,130)	1,226,969
Net cash provided by operating activities	$ 1,031,725	$ 1,619,206

Noncash capital and related financing and investing activities:

The Airport had unrealized losses of $70,042 and $95,234 for the years ended December 31, 2018 and 2017, respectively. The Airport obtained capital assets through incurring payables in the amounts of $0 and $1,431,359 as of December 31, 2018 and 2017, respectively. The Airport received contributed capital assets of $0 and $1,039,460 during the years ended December 31, 2018 and 2017, respectively.

The accompanying notes are an integral part of these statements

Note A: Summary of Significant Accounting Policies

1. Financial Reporting Entity

The City of Colorado Springs owns and operates the Colorado Springs Municipal Airport (Airport), which provides air transportation services for Colorado Springs, El Paso County, and surrounding communities. The Airport is located in the southeastern part of the City of Colorado Springs, Colorado.

The Airport is an enterprise fund of the City of Colorado Springs, Colorado. These financial statements present only the financial position, changes in financial position and cash flows of the Airport. These financial statements do not purport to, and do not, present fairly the financial position of the City of Colorado Springs, Colorado, the changes in its financial position or, where applicable, its cash flows in accordance with accounting principles generally accepted in the United States of America (US GAAP).

The City, as lessor, has entered into lease agreements with various airlines, rental car companies, terminal concession operators, general aviation service providers, and business park tenants. The agreements cover not only the lease of airport building space and land to the lessees but also, in some instances, the lessees' payments of fees to the Airport based on the lessees' revenues. In addition, the City is a party to a parking management contract in which the City receives all revenues from its public parking facility and pays operating expenses and a management fee to the operator. Substantially all Airport revenue is generated from these agreements.

A Director of Aviation directs and manages the Airport. This Director reports to the Mayor of the City of Colorado Springs. Major policy decisions are subject to the approval of City Council.

2. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Airport funds are accounted for using the accrual basis of accounting and the flow of economic resources measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The Airport distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Airport's principal ongoing operations. The principal operating revenues of the Airport are related to lease agreements as described above and charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Unearned revenues also include amounts funded by tenants for certain capital assets and extended lease term. These unearned revenues are amortized as other non-operating revenue using the straight-line method over the depreciable lives of the related assets.

When both restricted and unrestricted resources are available for use, it is the Airport's policy to use restricted resources first, then unrestricted resources as they are needed.

3. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

A. Deposits and Investments

For purposes of the accompanying statements of cash flows, the Airport's cash and cash equivalents are considered to be cash on hand and demand deposits, and highly liquid investments,(including restricted assets) with an original maturity date of three months or less. Cash equivalents consisted of a money market mutual fund.

Investments are stated at fair value determined by quoted market prices.

B. Capital Assets and Depreciation

Capital assets are carried at cost. The Airport capitalizes acquired property that is of a tangible nature, has an estimated useful life of three years or more, and has a value of at least $5,000.

Depreciation of capital assets for the Airport is provided for using the straight-line method based on the estimated service lives of the assets, which are as follows:

Buildings	10 - 40 years
Improvements other than buildings	10 - 25 years
Machinery and equipment	5 - 25 years
Infrastructure	30 years
Vehicles	3 -15 years
Intangibles	10 years

Interest is capitalized on capital assets acquired with tax-exempt debt. The amount of interest capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

Maintenance, repairs, and renewals, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expenses as incurred.

C. Inventory

The Airport maintains an inventory of parts on hand for the repair and maintenance of snow removal equipment and other vehicles. The Airport also maintains inventory for facility maintenance items. Both inventories are carried at purchase cost.

D. Compensated Absences

The Airport's employees earn vacation and sick leave in varying amounts. The amount of accumulated, unpaid vacation and sick leave benefits at year-end is accrued and shown on the statement of net position.

E. Restricted Net Position

In accordance with applicable bond ordinance provisions and federal regulations, certain cash and investments are restricted and have been included in the accompanying statement of net position as restricted cash and investments. Additionally, the bond ordinance and federal regulations also require restriction of net position for specific purposes, including operating expense reserves, debt service reserves, and approved capital improvement projects. Net position amounts required to be restricted are shown in the accompanying statement of net position as restricted net position.

F. Deferred Outflows of Resources and Deferred Inflows of Resources

A deferred outflow of resources is a consumption of net position by the Airport that is applicable to a future reporting period and a deferred inflow of resources is an acquisition of net position by the Airport that is applicable to a future reporting period. Both deferred outflows and inflows are reported in the statements of net position but are not recognized in the financial statements as revenues, expenses or changes in assets or liabilities until the period(s) to which they relate.

As of December 31, 2018, deferred outflows of resources for the Airport consist of pension and OPEB related-amounts. As of December 31, 2017, deferred outflows of resources consisted of debt and pension-related amounts. Deferred inflows of resources for the Airport as of December 31, 2018, consist of pension and OPEB-related amounts. Deferred inflows of resources as of December 31, 2017, consisted of pension-related amounts.

G. Passenger Facility Charges

The Federal Aviation Administration (FAA) has approved previously filed applications of the Airport for the right to impose passenger facility charges (PFCs) on enplaned passengers at the Airport. PFC revenue is required to be used to fund FAA-approved capital projects eligible under federal legislation permitting the imposition of PFCs. The approved Airport projects include certain completed and ongoing projects such as runway and taxiway rehabilitations, security enhancements, roadway upgrades, and drainage improvements. Governmental Accounting Standards Board (GASB) 34 requires PFCs be recognized when earned, not when received. Unspent PFC revenue is recorded in the financial statements as restricted cash and restricted net position.

H. Customer Facility Charges

The Airport has established a Rental Car Company Customer Facility Charge Policy, in accordance with the rental car concession agreements, that extends the collection of CFC's at the $2.50 rate until June 30, 2028. Any increase in this rate will be based on the projected costs of anticipated capital projects outlined in the policy.

Note B: Stewardship, Compliance and Accountability

1. *Budgetary Information*

In accordance with City Charter, the Mayor is required to submit a balanced budget to City Council on or before the first Monday of October of each year. The budget is reviewed and modified if supported by a majority of City Council and an appropriation ordinance prepared and approved to adopt the budget no later than December 31 of each year. Per City Code, annual appropriations lapse at year-end except for appropriations for special and capital projects. The budget of the Airport is prepared on a modified accrual, non- GAAP basis of accounting.

Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America, a reconciliation of resultant basis, timing, and perspective for the years ended December 31, 2018 and 2017, is presented below:

	2018	2017
Operating expenses	$ 31,870,156	$ 30,300,870
Non-operating expenses	380,333	476,017
Total Expenses	32,250,489	30,776,887
Less: Depreciation expense	(16,173,249)	(15,891,455)
Add: Capital expenditures (accrual basis)	3,357,686	1,634,234
Add: Revenue bonds principal payments	—	1,040,000
Expenditures (budgetary basis)	$ 19,434,926	$ 17,559,666
Appropriations	$ 41,490,202	$ 41,159,556

Note C: Detailed Notes

1. *Deposits and Investments*

The City of Colorado Springs pools the cash and investments of its funds, including the Airport. The Airport's portion of total pooled cash and investments of the City as of December 31, 2018 and 2017 was 8.6% and 10.9%, respectively. The pooled cash and investments of the City and the Airport as of December 31, 2018 and 2017 are as follows:

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	December 31, 2018		December 31, 2017	
	City	Airport	City	Airport
Cash on hand	$ 45,849	$ 3,929	$ 51,601	$ 5,639
Deposits				
Demand, time deposits	8,588,032	736,026	3,676,331	401,765
Investments	225,418,275	19,339,589	199,774,786	21,832,216
Total pooled cash and investments	$ 234,052,156	$ 20,079,544	$ 203,502,718	$ 22,239,620

A. Restricted Cash, Cash Equivalents and Investments for Bond Reserves

With the 2018 defeasance of the Airport System Revenue Refunding Bonds, Series 2014, the restricted cash, cash equivalent and investments for bond reserves balances were $0. As of December 31, 2017, the Airport's restricted cash, cash equivalents, and investments for bond reserves, as required by the Airport's bond ordinances, were comprised of $6,191,004.

B. Summary of Carrying Values

Cash, cash equivalents, and investment securities included in the statements of net position are classified as follows:

	2018	2017
Cash, cash equivalents and investments		
Current - unrestricted	$ 19,862,299	$ 17,539,578
Current - restricted	1,810,415	6,595,607
Noncurrent - restricted investments	—	1,257,403
Total cash, cash equivalents and investments	$ 21,672,714	$ 25,392,588

C. Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that financial institutions pledge a single institution pool of collateral against all the uninsured public deposits it holds, and the fair value of the securities in the pool is required to be in excess of one hundred two percent of the financial institution's total uninsured public deposits.

As of December 31, 2018 and 2017, the bank balance of the City of Colorado Springs' bank deposits exclusive of cash not included in pooled cash and investments was $13,904,248 and $10,383,927 respectively. As of December 31, 2018, of the total bank deposits, $573,316 was covered by Federal Deposit Insurance. As of December 31, 2017, of the total bank deposits, $546,986 was covered by Federal Deposit Insurance. The Airport's share of those amounts as of December 31, 2018 and 2017 was $26,581 and $15,978, respectively.

The City of Colorado Springs and the Airport's investments are subject to interest rate, credit, and concentration of credit risk. As a home rule City, the City has adopted an Investment Policy that is largely in line with Colorado Revised Statutes. As a means of limiting its exposure to fair value losses arising from rising interest, the City's investment policy limits investment maturities to five years.

D. Interest Rate Risk

Interest rate risk is the risk that changes in the financial market rates of interest will adversely affect the value of an instrument. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits investment maturities to less than five years.

E. Credit Risk

Credit risk is the risk of loss due to a debtor's non-payment of a loan or other line of credit (either principal, interest or both). The City's investment policy authorizes the City to invest in obligations of the United States or agencies thereof, commercial paper rated at least A-1 by Standard and Poor's, P-1 by Moody's or F-1 by Fitch, municipal bonds, corporate bonds, bankers acceptances, local government investment pools, specific money market mutual funds, time certificates of deposit, repurchase agreements and obligations of the City of Colorado Springs.

F. Custodial Credit Risk

Custodial risk is the risk, that in the event of the failure of a depository financial institution, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. A designated portfolio manager places the City's investments during the fiscal year. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the City's name and are held by either the counterparty to the investment purchase or held by the counter party's trust department or agent but not held in the City's name. None of the City's investments owned at December 31, 2018 and 2017 were subject to custodial risk.

G. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of the City's investments in a single issuer. Concentration risk is defined by GASB as positions of 5% or more in the securities of any one issuer. The City's pooled investments are in compliance with the City Investment Policy which limits investments with any single issuer other than the Federal Government to 5%. The securities of the Federal Government are defined as obligations of the United States and certain of its instrumentalities. None of the City's investments owned at December 31, 2018 and 2017 were subject to concentration of credit risk.

As of December 31, 2018 the detail of pooled cash and investments held for the City and the Airport is as follows:

Investment Type	Fair Value City	Fair Value Airport	Weighted Average Maturity (years)
Money market mutual funds	$ 812,932	$ 69,671	0.00
Colorado Liquid Asset Trust (COLOTRUST)	23,243,626	1,992,063	0.00
US treasury securities	66,379,676	5,709,403	2.21
US instrumentality securities	63,349,787	5,429,307	1.60
Corporate fixed-income securities	42,877,110	3,674,724	1.16
Supra-national securities	10,008,276	857,746	2.50
Municipal bonds	5,857,520	502,011	1.43
Certificates of deposit	6,681,677	572,644	1.34
Commercial paper	4,473,927	383,432	0.20
Mortgages pooled	1,238,279	106,125	3.48
Bank note	495,465	42,463	0.93
Total fair value	225,418,275	19,339,589	
Portfolio weighted average maturity			1.53
Reconciliation to total cash and investments			
Add:			
Cash on hand and in banks	8,633,881	739,955	
	$ 234,052,156	$ 20,079,544	

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As of December 31, 2017 the detail of pooled cash and investments held for the City and the Airport is as follows:

Investment Type	Fair Value City	Fair Value Airport	Weighted Average Maturity (years)
Money market mutual funds	$ 251,783	$ 27,516	0.00
Colorado Liquid Asset Trust (COLOTRUST)	16,629,993	1,817,394	0.00
US Treasury securities	51,564,876	5,635,223	2.38
US Instrumentality securities	58,819,911	6,428,084	2.11
Corporate fixed-income securities	43,655,944	4,770,902	1.37
Supra-Natural Securities	7,403,677	809,105	2.70
Municipal bonds	6,545,371	715,305	1.68
Certificate of deposit	11,313,353	1,236,370	1.40
Commercial paper	2,496,310	272,807	0.09
Mortgages pooled	594,339	64,952	1.23
Bank note	499,229	54,558	1.93
Total fair value	199,774,786	21,832,216	
Portfolio weighted average maturity			1.78
Reconciliation to total cash and investments			
Add: Cash on hand and in banks	3,727,932	407,404	
	$ 203,502,718	$ 22,239,620	

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Credit Quality Distribution for Securities as a Percentage of Total Investments:

	S&P Rating	2018 % of Total	2017 % of Total
Money market mutual funds	AAA	0.36%	0.13%
Colorado Local Government Liquid Asset Trust (COLOTRUST)	AAAm	10.31%	8.32%
US Treasury securities	AA+	29.45%	25.81%
US Instrumentality securities	AA+	28.10%	29.45%
Corporate fixed-income securities	AA+	1.74%	2.68%
Corporate fixed-income securities	A+	3.32%	2.49%
Corporate fixed-income securities	AAA	0.59%	2.12%
Corporate fixed-income securities	AA	3.72%	3.39%
Corporate fixed-income securities	AA-	9.66%	11.17%
Commercial paper	A-1	1.98%	1.25%
Supra-national securities	AAA	4.44%	3.71%
Municipal bonds	A+	0.35%	0.68%
Municipal bonds	AA+	0.31%	0.00%
Municipal bonds	AA	0.91%	1.87%
Municipal bonds	AAA	0.63%	0.72%
Municipal bonds	AA-	0.40%	0.00%
Certificate of deposit	A+	1.19%	2.20%
Certificate of deposit	AA-	1.77%	1.29%
Certificate of deposit	A-1+	0.00%	1.45%
Certificate of deposit	A-1	0.00%	0.72%
Bank note	A+	0.22%	0.00%
Bank note	AA	0.00%	0.25%
Mortgages pooled	AA+	0.55%	0.30%
		100%	100%

During 2017 and 2018, the Airport invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST). COLOTRUST is a local government investment pool with a stable net asset value and CSAFE is considered a qualifying external investment pool under GASB Statement No. 79, *Certain External Investment Pools and Pool Participants.* The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to $1.00, although not guaranteed. Investment objectives and strategies focus on safety, liquidity, transparency, and competitive yields through investment in a diversified portfolio of short-term marketable securities. The Trust may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies and highly rated commercial paper. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as a safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodians' internal records segregate investments owned by the Trust. The Trust does not have any limitations or restrictions on participant withdrawals.

H. GASB 72

Governmental Accounting Standards Board Statement No. 72 (GASB 72) *Fair Value Measurements and Application*, establishes a hierarchy of inputs to valuation techniques used to measure fair value and requires disclosures to be made about investment fair value measurements, the level of fair value hierarchy, and valuation techniques. According to GASB 72, an investment is defined as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash.

The City pooled investments are measured at fair value on a recurring basis. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value as follows.

Level 1 Quoted prices in active markets for identical securities.

Level 2 Prices determined using other significant observable inputs. Observable inputs are inputs that reflect the assumptions market participants would use in pricing a security and are developed based on market data obtained from sources independent of the reporting entity. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk, and others. Debt securities are valued in accordance with the evaluated bid price supplied by the pricing service and generally categorized as Level 2 in the hierarchy.

Level 3 Prices determined using significant unobservable inputs. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the factors market participants would use in pricing the security and would be based on the best information available under the circumstances.

The table reflects the fair value hierarchy of the City pooled investments proportional to Airport.

Investments by Fair Value Level	December 31, 2018		Fair Value Measurement Using Level 1	Level 2	Level 3
Money market mutual funds	$ 69,671		$ 69,671	$ —	$ —
Colorado Liquid Asset Trust (COLOTRUST)	1,992,063	*	—	—	—
US treasury securities	5,709,403		—	5,709,403	—
US instrumentality securities	5,429,307		—	5,429,307	—
Corporate fixed-income securities	3,674,724		—	3,674,724	—
Supra-national securities	857,746		—	857,746	—
Municipal bonds	502,011		—	502,011	—
Certificates of deposit	572,644		—	572,644	—
Commercial paper	383,432		—	383,432	—
Mortgages pooled	106,125		—	106,125	—
Bank note	42,463		—	42,463	—
Total securities	$ 19,339,589		$ 69,671	$ 17,277,855	$ —

Investments by Fair Value Level	December 31, 2017		Fair Value Measurement Using Level 1	Level 2	Level 3
Money market mutual funds	$ 27,516		$ 27,516	$ —	$ —
Colorado Liquid Asset Trust (COLOTRUST)	1,817,394	*	—	—	—
US treasury securities	5,635,223		—	5,635,223	—
US instrumentality securities	6,428,084		—	6,428,084	—
Corporate fixed-income securities	4,770,902		—	4,770,902	—
Supra-national securities	809,105		—	809,105	—
Municipal bonds	715,305		—	715,305	—
Certificates of deposit	1,236,370		—	1,236,370	—
Commercial paper	272,807		—	272,807	—
Mortgages pooled	64,952		—	64,952	—
Bank note	54,558		—	54,558	—
Total securities	$ 21,832,216		$ 27,516	$ 19,987,306	$ —

*During the year, the City invested in COLOTRUST, a local government investment pool. The fair value is measured at net asset value and is designed to approximate the share value. The pool's Board of Trustees, elected by the participants, is responsible for overseeing the management of COLOTRUST, including establishing operating standards and policies. COLOTRUST is designed to provide local governments with a convenient method for investing in short-term investments carefully chosen to provide maximum safety and liquidity, while still maximizing interest earnings.

2. *Lease Receivable*

During 2016, the Airport entered into a direct finance lease for property expiring January 1, 2041. The agreement calls for monthly payments of $7,015, including interest at 5%. The balance on the lease receivable at December 31, 2018 and 2017 is $1,123,843 and $1,151,088, respectively.

Future minimum receipts on the lease receivable at December 31, 2018 are:

Year Ending December 31,	Principal	Interest	Total Payment
2019	$ 28,639	$ 55,542	$ 84,181
2020	30,104	54,077	84,181
2021	31,645	52,536	84,181
2022	33,264	50,917	84,181
2023	34,966	49,215	84,181
2024-2028	203,563	217,342	420,905
2029-2033	261,245	159,660	420,905
2034-2038	335,271	85,634	420,905
2039-2041	165,146	9,035	174,181
	$ 958,697	$ 724,923	$ 1,683,620

3. *Note Receivable*

In 2006, the Airport performed certain infrastructure improvements related to a site in the Airport's Business Park which is currently leased. As part of the agreement, the Airport and the tenant entered into a note receivable to reimburse the Airport for certain infrastructure improvements, and simultaneously, the Airport entered into a note payable with a bank to fund the improvements. The note payable was paid in full during 2016.

As part of the current tenant's ground lease agreement, the note receivable represents an amount to be repaid by the tenant to the Airport in the form of an infrastructure surcharge of $19,058 per month by July 1, 2036. The note was discounted to present value utilizing a rate of 8.5%, the rate incurred on the Airport's note payable to initially fund the infrastructure improvements.

In 2017, the Airport entered into an agreement with Delta Airlines to finance an infrastructure improvement to a Delta Airlines Kiosk in the amount of $130,833. Based on the agreement, Delta Airlines will pay this note back to the Airport over a 3 year period at a 5% interest rate ending December 1, 2020.

4. Capital Assets

Capital assets activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Increase	Decrease	Transfer[1]	Ending Balance
Capital assets being depreciated:					
Buildings	$ 70,164,139	$ —	$ (4,031,663)	$ 1,312,424	$ 67,444,900
Improvements other than buildings	265,407,450	11,657,461	(3,785,888)	4,603,332	277,882,355
Machinery and equipment	22,041,871	643,036	(198,183)	451,020	22,937,744
Vehicles	6,538,168	430,399	(14,485)		6,954,082
Infrastructure	47,933,084	—	—	—	47,933,084
Intangibles	661,903	—	—	—	661,903
Total capital assets being depreciated	412,746,615	12,730,896	(8,030,219)	6,366,776	423,814,068
Less accumulated depreciation for:					
Buildings	(38,467,813)	(1,828,200)	2,337,003	—	(37,959,010)
Improvements other than buildings	(120,009,063)	(10,963,116)	3,529,946	—	(127,442,233)
Machinery and equipment	(12,969,222)	(1,359,362)	192,652	—	(14,135,932)
Vehicles	(3,776,887)	(320,542)	14,485	—	(4,082,944)
Infrastructure	(12,969,950)	(1,626,765)	—	—	(14,596,715)
Intangibles	(319,833)	(75,264)	—	—	(395,097)
Total accumulated depreciation	(188,512,768)	(16,173,249)	6,074,086	—	(198,611,931)
Total capital assets being depreciated, net	224,233,847	(3,442,353)	(1,956,133)	6,366,776	225,202,137
Capital assets not being depreciated:					
Land	18,367,718	—	(718,800)	—	17,648,918
Construction in progress	1,512,216	6,987,169	—	(6,366,776)	2,132,609
Total capital assets, not being depreciated	19,879,934	6,987,169	(718,800)	(6,366,776)	19,781,527
Capital assets, net	$ 244,113,781	$ 3,544,816	$ (2,674,933)	$ —	$ 244,983,664

[1] Transfers reflect the recategorization of assets

Capital assets activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Increase	Decrease	Transfer[1]	Ending Balance
Capital assets being depreciated:					
Buildings	$ 67,295,733	$ 1,657,239	$ (1,233,191)	$ 2,444,358	$ 70,164,139
Improvements other than buildings	262,590,949	737,818	(1,796,358)	3,875,041	265,407,450
Machinery and equipment	21,742,991	338,393	(39,513)	—	22,041,871
Vehicles	6,797,002	38,642	(297,476)		6,538,168
Infrastructure	47,933,084	—	—	—	47,933,084
Intangibles	661,903	—	—	—	661,903
Total capital assets being depreciated	407,021,662	2,772,092	(3,366,538)	6,319,399	412,746,615
Less accumulated depreciation for:					
Buildings	(37,289,651)	(1,863,549)	685,387	—	(38,467,813)
Improvements other than buildings	(111,130,925)	(10,680,449)	1,802,311	—	(120,009,063)
Machinery and equipment	(11,666,874)	(1,336,921)	34,573	—	(12,969,222)
Vehicles	(3,764,296)	(308,506)	295,915	—	(3,776,887)
Infrastructure	(11,343,184)	(1,626,766)	—	—	(12,969,950)
Intangibles	(244,569)	(75,264)	—	—	(319,833)
Total accumulated depreciation	(175,439,499)	(15,891,455)	2,818,186	—	(188,512,768)
Total capital assets being depreciated, net	231,582,163	(13,119,363)	(548,352)	6,319,399	224,233,847
Capital assets not being depreciated:					
Land	18,367,718	—	—	—	18,367,718
Construction in progress	832,357	6,999,258	—	(6,319,399)	1,512,216
Total capital assets, not being depreciated	19,200,075	6,999,258	—	(6,319,399)	19,879,934
Capital assets, net	$ 250,782,238	$ (6,120,105)	$ (548,352)	$ —	$ 244,113,781

[1] Transfers reflect the recategorization of assets

5. Changes in Long-term Liabilities

Long-term liabilities activity for the year ended December 31, 2018 was as follows:

	Balance January 1, 2018 (as restated)	Additions	Reductions	Balance December 31, 2018	Due Within One Year
Revenue bonds	$ 7,420,000	$ —	$ (7,420,000)	$ —	$ —
Bond premium	639,010	—	(639,010)	—	—
Bond discount	—	—	—	—	—
Total bonds payable	8,059,010	—	(8,059,010)	—	—
Note payable	4,819,626	—	(538,461)	4,281,165	551,922
Capital Leases	230,608	—	(74,388)	156,220	76,842
Compensated absences- accrued sick and vacation benefits	486,575	668,094	(594,356)	560,313	28,016
Net pension liability	9,869,195	—	(2,195,295)	7,673,900	—
Net OPEB liability	1,071,235	137,500	(72,130)	1,136,605	
Long-term liabilities	$ 23,465,014	$ 668,094	$ (11,461,510)	$ 12,671,598	$ 656,780

Long-term liabilities activity for the year ended December 31, 2017 was as follows:

	Balance January 1, 2017	Additions	Reductions	Balance December 31, 2017	Due Within One Year
Revenue bonds	$ 8,460,000	$ —	$ (1,040,000)	$ 7,420,000	$ 1,090,000
Bond premium	736,716	—	(97,706)	639,010	—
Bond discount	—	—	—	—	—
Total bonds payable	9,196,716	—	(1,137,706)	8,059,010	1,090,000
Note payable	5,344,953	—	(525,327)	4,819,626	538,461
Capital Leases	302,621	—	(72,013)	230,608	74,388
Compensated absences- accrued sick and vacation benefits	533,848	505,663	(552,936)	486,575	24,329
Net pension liability	8,587,304	2,013,562	(731,671)	9,869,195	—
Long-term liabilities	$ 23,965,442	$ 2,519,225	$ (3,019,653)	$ 23,465,014	$ 1,727,178

6. Revenue Bonds Payable

In January 2014, the City of Colorado Springs, Colorado issued $11,185,000 Airport System Revenue Refunding Bonds, Series 2014 to current refund and defease outstanding City of Colorado Springs, Colorado Airport System Revenue Refunding Bonds, Series 2002A and pay certain costs of issuance. The refunding was undertaken to reduce future annual debt service payments to lower airline rates and charges to make the Airport more competitive. The reacquisition price was above the net carrying amount of the old debt by $209,088. This amount is recognized as deferred loss on refunding in the deferred outflows of resources on the statement of net position and is amortized over the old debt's life which is one year shorter that the life of the new debt. The Series 2014 Bonds mature from 2014 to 2023 and have a coupon interest rate of 5%. The refunding transaction resulted in a total net present value savings of $1,527,444. In December 2018, the City defeased in-substance the outstanding Series 2014 Bonds using only existing resources. The reason for the defeasance was to reduce future annual debt service payments in order to lower airline rates and charges to make the Airport more competitive. The Airport placed $6,732,098 in an irrevocable escrow account invested in U.S. Treasury obligations that, together with interest earned thereon, will provide amounts sufficient for payment of all principal and interest on each remaining payment date. As of December 31, 2018, the Airport remains contingently liable for the outstanding principal balance of $6,330,000 for the Series 2014 Bonds.

All bonds are special obligations of the City payable solely from net revenues of the Airport System and from certain funds established under the bond ordinance. The Airport issued these revenue bonds with pledged revenues as collateral. The Airport revenue bonds were issued to finance construction projects.

7. Note Payable

On May 26, 2016, the Airport entered into a loan agreement in the amount of $3,431,183 with the Colorado Department of Transportation to fund capital projects at the Airport. The interest rate on the loan is 2.5% and matures May 26, 2026. Debt service payments on this loan will be made from PFC revenues. The following is an amortization schedule (including Principal and Interest) for the remainder of the loan period as of December 31, 2018:

Year Ending December 31,	Principal	Interest	Total Payment
2019	$ 321,768	$ 70,275	$ 392,043
2020	329,812	62,231	392,043
2021	338,057	53,986	392,043
2022	346,509	45,534	392,043
2023	355,172	36,871	392,043
2024-2026	1,119,682	56,445	1,176,127
Totals	$ 2,811,000	$ 325,342	$ 3,136,342

On December 1, 2014, the Airport entered into a loan agreement in the amount of $2,336,000 with the Colorado Department of Transportation to fund capital projects at the Airport. The interest rate on the loan is 2.5% and matures December 1, 2024. Debt service payments on this loan will be made from PFC revenues. The following is an amortization schedule (including Principal and Interest) for the remainder of the loan period as of December 31, 2018:

Year Ending December 31,	Principal	Interest	Total Payment
2019	$ 230,154	$ 36,754	$ 266,908
2020	235,908	31,000	266,908
2021	241,806	25,103	266,909
2022	247,851	19,057	266,908
2023	254,047	12,861	266,908
2024	260,399	6,510	266,909
Totals	$ 1,470,165	$ 131,285	$ 1,601,450

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8. Leases

The Airport leases facilities, infrastructure, and land to various parties, including but not limited to airlines, concessionaires, and others. Substantially all of the leases are operating leases for land, buildings, and terminal space. The leases contain provisions for cancellation by either party if certain conditions are met. Effective July 1, 2018, a new ten year rental car agreement was entered into between the Airport and all on-site rental car companies. This agreement will expire June 30, 2028. The following is a schedule, by year, of minimum future rentals of the operating leases as of December 31, 2018:

Year Ending December 31,	Amount
2019	$ 8,483,649
2020	8,438,303
2021	5,766,979
2022	5,524,118
2023	5,224,294
2024-2028	19,715,778
2029-2033	5,866,830
2034-2038	5,412,772
2039-2043	4,907,474
2044-2048	4,580,416
2049-2053	3,989,167
2054-2058	1,972,402
2059-2063	860,908
2064-2068	703,958
	$ 81,447,048

Minimum future rentals do not include contingent rentals, which may be received under certain leases on the basis of revenue, fuel flow, or number of uses. Contingent rentals amounted to $2,010,290 and $1,739,681 for the years ended December 31, 2018 and 2017, respectively.

The following is an analysis of the Airport's investment in property covered by operating leases and property held for lease by major classes as of December 31:

	2018	2017
Land	$ 17,648,918	$ 18,367,718
Buildings	67,444,900	70,164,139
Improvements other than buildings	277,882,355	265,407,450
Infrastructure	47,933,084	47,933,084
	410,909,257	401,872,391
Less accumulated depreciation	(198,611,932)	(171,446,827)
	$ 212,297,325	$ 230,425,564

Additionally, the United States Air Force leases property from the City pursuant to a ninety-nine year lease, and in turn, Peterson Air Force Base furnishes all aircraft rescue and firefighting services at the Airport as annual contributions (in-kind services) in lieu of payment of landing fees under the lease.

On October 26, 2016, the Airport entered into a capital lease agreement in the amount of $384,600 with John Deere Financial to purchase equipment. The interest rate is 3.25% and the lease expires in October 2020. The following is an amortization schedule (including Principal and Interest) for the remainder of the loan period as of December 31, 2018:

Year Ending December 31,	Principal	Interest	Total Payment
2019	$ 76,842	$ 5,153	$ 81,995
2020	79,378	2,617	81,995
Totals	$ 156,220	$ 7,770	$ 163,990

These capital lease agreement has been included as assets as follows:

	2018	2017
Machinery and equipment	$ 384,600	$ 384,600
Less accumulated depreciation	(185,890)	(92,945)
Net capitalized lease property	$ 198,710	$ 291,655

9. Interfund Balances

Interfund balances were comprised of amounts due to Colorado Springs Utilities. The amounts due were $123,026 and $113,037 as of December 31, 2018 and 2017, respectively.

10. Commitments

As of December 31, 2018, the Airport had commitments outstanding, in the form of contracts and purchase orders, of approximately $10,136,920 primarily for construction projects and equipment.

Note D: Other Information

1. Risk Management

The City of Colorado Springs has a risk management division to coordinate and administer workers' compensation, property, and general liability insurance programs for all of its activities and operations. For workers' compensation coverage, the City has purchased commercial insurance to cover losses in excess of $750,000 per occurrence. The City pays losses less than this amount through its Workers Compensation Self-Insurance Fund. The Airport is included in the Workers' Compensation Self-Insurance program. For property coverage, the Airport has purchased a commercial insurance policy with varying deductibles. All deductibles related to this policy are paid from Airport operating funds. General liability coverage for the Airport is purchased from commercial carriers for losses up to $200,000,000. No claims were incurred in excess of the coverage for 2018, 2017 or 2016.

2. Postemployment Benefits Other than Pensions

The Airport's former non-uniformed and uniformed (police officers) employees are eligible for postemployment benefits other than pensions (OPEB). The former employees are provided access to and/or subsidies for health care plans based upon the retiree's employee group, employment dates and retirement eligibility dates. Also, the level of retiree life insurance benefit coverage depends upon the retiree's final position with the Airport. Below is a table that summarizes the total/net OPEB liabilities, deferred outflows and inflows, and OPEB expenses associated with each of the plans as a result of the implementation of GASB 75. More detailed notes regarding each plan follows.

For the year ended December 31, 2018

	Total/net OPEB Liability	Deferred Outflows	Deferred Inflows	OPEB Expense
PERA HCTF	$ 631,684	$ 51,367	$ 10,568	$ 50,413
City OPEB	504,920	75,709	(1,289)	36,538
Total	$ 1,136,604	$ 127,076	$ 9,279	$ 86,951

Note: Immaterial differences may occur due to rounding

A. Colorado Public Employees' Retirement Association Health Care Trust Fund

The Airport participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado (PERA). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined on the same basis as they are reported by HCTF using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

Plan description: Eligible employees of the Airport are provided with OPEB through the HCTF-a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at

www.copera.org/investments/pera-financial-reports

or by writing to
Colorado PERA, 1301 Pennsylvania Street
Denver, Colorado 80203

or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372)

All Airport employees, except uniformed police, are members of the HCTF. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member’s years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient’s eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll in the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

The maximum service-based premium subsidy is $230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

Contributions: Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Airport is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the Airport were $46,709 and $41,014 for the years ended 2018 and 2017, respectively.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: As of December 31, 2018 the Airport reported a liability of $631,684 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017. The Airport's proportion of the net OPEB liability was based on the Airport's contributions to the HCTF for the calendar year 2017 relative to the total contributions of participating employers to the HCTF.

At December 31, 2017, the Airport proportion was 0.04860% percent, which was an increase of 0.0002% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018 the Airport recognized OPEB expense of $50,413.

At December 31, 2018, the Airport reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 2,987	$ —
Net difference between projected and actual earnings on investments	—	10,568
Changes in proportion	1,671	—
Contributions subsequent to the measurement date	46,709	N/A
Total	$ 51,367	$ 10,568

The $46,709 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	Difference between expected and actual experience	Net difference between projected and actual earnings on investment	Changes in Proportion	Total effect of amortized deferred inflows/outflows on OPEB expense
2019	$ 587	$ (2,642)	$ 328	$ (1,727)
2020	587	(2,642)	328	(1,727)
2021	587	(2,642)	328	(1,727)
2022	587	(2,642)	328	(1,727)
2023	587	—	328	915
Thereafter	52	—	31	83
	$ 2,987	$ (10,568)	$ 1,671	$ (5,910)

The differences between expected and actual experience as well as the Airport's change in proportion in the plan are amortized over a closed period equal to the average expected remaining service lives of active and inactive members in the plan. The HCTF determined the average expected remaining service lives for active and inactive members at the beginning of the 2017 measurement period to be 6.09 years. The net difference between expected and actual investment experience is amortized over a closed five year period.

Actuarial assumptions: The total OPEB liability in the December 31, 2016 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

	Rate %
Actuarial cost method	Entry Age
Price inflation	2.40
Real wage growth	1.10
Wage inflation	3.50
Salary increases, including wage inflation	3.50
Long-term investment rate of return, net of OPEB	
plan investment expenses, including price inflation	7.25
Discount rate	7.25
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00
PERACare Medicare plans	5.00
Medicare Part A premiums	3.00
* 3.00% for 2017, gradually rising to 4.25% in 2023	

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2016, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2017	5.00%	3.00%
2018	5.00	3.25
2019	5.00	3.50
2020	5.00	3.75
2021	5.00	4.00
2022	5.00	4.00
2023	5.00	4.25
Thereafter	5.00	4.25

Mortality assumptions for the determination of the total OPEB liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

Healthy, post-retirement mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The following economic and demographic assumptions were specifically developed for, and used in, the measurement of the obligations for the HCTF:

- The assumed rates of PERACare participation were revised to reflect more closely actual experience.
- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2017 plan year.
- The percentages of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage were revised to more closely reflect actual experience.
- The percentage of disabled PERACare enrollees who are assumed to not qualify for premium-free Medicare Part A coverage were revised to reflect more closely actual experience.
- Assumed election rates for the PERACare coverage options that would be available to future PERACare enrollees who will qualify for the “No Part A Subsidy” when they retire were revised to more closely reflect actual experience.
- Assumed election rates for the PERACare coverage options that will be available to those current PERACare enrollees, who qualify for the “No Part A Subsidy” but have not reached age 65, were revised to more closely reflect actual experience.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.
- The rates of PERAcare coverage election for spouses of eligible inactive members and future retirees were revised to more closely reflect actual experience.
- The assumed age differences between future retirees and their participating spouses were revised to reflect more closely actual experience.

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016 Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA’s actuary, as needed.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (%)	30 Year Expected Geometric Real Rate of Return (%)
US equity - large cap	21.20	4.30
US equity - small cap	7.42	4.80
Non US equity - developed	18.55	5.20
Non US equity - emerging	5.83	5.40
Core fixed income	19.32	1.20
High yield	1.38	4.30
Non US fixed income - developed	1.84	0.60
Emerging market debt	0.46	3.90
Core real estate	8.50	4.90
Opportunity fund	6.00	3.80
Private equity	8.50	6.60
Cash	1.00	0.20
Total	100%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

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Sensitivity of the Airport's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

Sensitivity of the NOL:

	1% Decrease in trend rates	Current trend rates	1% Increase in trend rates
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A trend rate	3.25%	4.25%	5.25%
Proportionate share of the net OPEB liability	$ 614,304	$ 631,684	$ 652,617

Discount rate: The discount rate used to measure the total OPEB liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2017, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the projection test indicates the HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total

OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

Sensitivity of the Airport's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

Sensitivity of the NOL:

	1% Decrease	Current Discount rate	1% Increase
	6.25%	7.25%	8.25%
Proportionate share of the net OPEB liability	$ 710,212	$ 631,684	$ 564,659

OPEB plan fiduciary net position. Detailed information about the HCTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at

https://www.copera.org/sites/default/files/documents/5-20-17.pdf

B. The City of Colorado Springs OPEB Plan

The Airport participates in the City's postemployment benefits other than pension plan, a single-employer defined benefit OPEB plan administered by the City of Colorado Springs. The total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense have been determined on the same basis as they are reported by the plan using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 as the plan is pay-as-you-go.

Plan description: Uniformed employees who retire from active service with the Airport and who begin receiving pension benefit payments are eligible to participate in the City's medical benefits plan as a retiree until the retiree reaches Medicare-eligible age, currently 65. Beginning January 1, 2011, retirees who reach age 65 and are Medicare-eligible are no longer eligible to participate in the City's medical benefit plans, but have access to the One Health (formerly Extend Health) private medical plan exchange. "Grandfathered" retirees who have reached age 65 and are not Medicare-eligible are allowed to stay on the City's medical plans.

Civilian employees who retire from active service with the Airport and who begin receiving pension benefit payments are not eligible to participate in the City's medical benefits plan as they have access to PERA Care. There remain a few civilian retirees who have reached the Medicare-eligible age that have access to One Health (formerly Extend Health) medical plans as they are not eligible to participate in the PERA Care plans. Both uniformed and civilian retirees have access to the City's dental and vision benefits plans before and after they reach Medicare-eligible age.

Upon retirement from employment with the Airport, the following life insurance benefits are available to the retiree:

- $9,000 for Mayor and Mayoral Appointees
- $6,000 for City Department Heads and other City Executives
- $3,000 for all other Airport retirees

Benefit payments: Medical Plan - The Airport's benefit payments for a retiree's medical plan premium vary as follows:

Retirees that were:	Airport pays:
Eligible to retire prior to January 1, 1979	The retiree's medical plan premium paid in full
Hired prior to August 1, 1988 and eligible to retire on or after January 1, 1979	$91.40 per month toward the retiree medical plan premium costs, the retiree pays the balance of the premium costs
Hired on or after August 1, 1988	Nothing toward the retiree's medical plan premium costs, retiree pays the full medical plan premium

There is no direct cost to the Airport for those uniformed retirees that participate in the medical benefits plan as the retirees are responsible for their full medical plan premium cost.

Dental and Vision Plan - All retirees are required to pay the full dental and vision plan premiums should they choose to participate in the City's plans. In addition, the vision plan is not self-funded but rather fully insured.

Retiree Life Plan - The Airport pays the following annually for retiree life insurance premiums:

- $13.56 for Mayor and Mayoral Appointees
- $9.00 for City Department Heads and other City Executives
- $4.56 for all other Airport retirees

If the retirement is a disability retirement, the retiree applies for a waiver of premium through the City's carrier. If approved, the retiree receives a life insurance benefit in the amount of one and a half times his or her salary until the retiree attains the age of 65, at which point the life insurance is reduced to the amounts listed above. The Airport does not pay for the carrier approved waivers.

Employer benefit payments recognized by the Airport were $25,421 and $26,235 for the years ended 2018 and 2017, respectively.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: As of December 31, 2018 the Airport reported a liability of $504,920 for its proportionate share of the total OPEB liability. The total OPEB liability was measured as of December 31, 2017, and was determined by an actuarial valuation as of that date. The Airport's proportion of the total OPEB liability was based on the Airport's benefit payments for the calendar year 2017 relative to the total benefit payments.

At December 31, 2017, the Airport proportion was 1.6770% percent, which was an increase of 0.0062% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018 the Airport recognized OPEB expense of $36,538.

At December 31, 2018, the Airport reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2018	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ 21,993	$ —
Change in assumptions	28,295	—
Changes in proportion	—	(1,289)
Benefit payments subsequent to the measurement date	25,421	N/A
Total	$ 75,709	$ (1,289)

The $25,421 reported as deferred outflows of resources related to OPEB, resulting from benefit payments subsequent to the measurement date, will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	Differences Between Expected and Actual Experience	Change in assumptions	Changes in Proportion	Total effect of amortized deferred inflows/outflows on pension expense
2019	$ 6,195	$ 7,970	$ 363	$ 14,528
2020	6,195	7,970	363	14,528
2021	6,195	7,970	363	14,528
2022	3,408	4,385	200	7,993
	$ 21,993	$ 28,295	$ 1,289	$ 51,577

Actuarial assumptions: The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

	Rate %
Actuarial cost method	Entry age
Wage inflation	3.50
Salary increases, including wage inflation	3.50-11.25
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	0.00
Discount rate	3.44

The medical and drug health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

Year	Medical/Drug Cost Trend (%)
2018	7.00
2019	6.75
2020	6.50
2021	6.25
2022	6.00
2023	5.75
2024	5.50
2025	5.25
2026	5.00
2027	4.75
Thereafter	4.50

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation. Health care trend rates assumptions were developed by Segal Consulting's internal guidelines, which are established each year using data sources such as the 2019 Segal Health Trend Survey, internal client results, trends from other published surveys prepared by the S&P Dow Jones Indices, consulting firms and brokers, and CPI statistics published by the Bureau of Labor and Statistics.

Mortality, turnover, disability, retirement and salary scale assumptions are based on the Local Government Division rates in the Colorado Public Employees Retirement Association ("PERA") pension valuation as of December 31, 2017 for civilian members as well as the Fire and Police Pension Association ("FPPA") 2018 Actuarial Experience Study for the period ending December 31, 2017 for sworn members.

Civilian Mortality Assumptions: Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

Healthy, post-retirement mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

Sworn Mortality Assumptions: Pre-Retirement mortality rate was based on RP-2014 Mortality Tables for males and female projected to 2018 using the MP-2017 projection scales times 50% and increased by 0.00015, and then projected generationally using scale MP-2017. Post-Retirement mortality rate was based on RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then generationally projected using scale MP-2017. Disabled mortality rates were based on RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales with a minimum probability of 3% for males and 2% for females, and then generationally projected using scale MP-2017.

All current retired participants are assumed to continue retiree medical coverage. 40% of future eligible retired participants are assumed to elect retiree medical coverage. All participants eligible for the $91.40 are assumed to participate in the program.

Primary changes in assumptions since the previous measurement date of December 31, 2016 include:

- The discount rate decreased from 3.78% to 3.44% based on changes in the 20-year municipal bond rate

- Updated mortality, disability, turnover, retirement and salary scale assumptions were updated to reflect those from the FPPA 2018 Actuarial Experience study and the December 31, 2017 Colorado PERA pension valuation

The following presents the total OPEB liability using the current health care cost trend rates applicable to the benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

Sensitivity of the TOL:

	1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate
Health care cost trend rates	6.00 - 3.50%	7.00 - 4.50%	8.00 - 5.50%
Proportionate share of the total OPEB liability	$ 485,028	$ 504,920	$ 531,164

Discount Rate: The plan is pay-as-you-go. Since there are no dedicated assets and retiree benefits are paid annually in an amount equal to the benefits distributed the discount rate used was 3.44% based on a yield or index rate for 20-year, tax-exempt general obligation municipal bond rate with an average rating of AA/Aa or higher.

The following presents the proportionate share of the total OPEB liability calculated using the discount rate of 3.44 percent, as well as what the proportionate share of the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.44 percent) or 1-percentage-point higher (4.44 percent) than the current rate:

Sensitivity of the TOL:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
	2.44%	3.44%	4.44%
Proportionate share of the total OPEB liability	$ 567,805	$ 504,920	$ 452,478

Because the City's medical and dental plans are self-funded, the plan does not release a separate report. However, the benefits are accounted for under the Employee Benefits Self-Insurance Fund under the City's Internal Service Funds.

3. Retirement Plans

The Airport’s former or current non-uniformed and uniformed (police officers) employees are eligible to participate in a defined benefit pension plan. Non-uniformed employees participate in the Public Employees’ Retirement Association of Colorado (PERA) and uniformed employees participate in one of five plans administered by the Fire and Police Pension Association (FPPA). Below is a table that summarizes the net pension liabilities, deferred outflows and inflows, and pension expenses associated with each of the plans as a result of the implementation of GASB 68. More detailed notes regarding each plan follows.

For the year ended December 31, 2018

	Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense
PERA	$ 6,980,468	$ 1,092,396	$ 1,400,720	$ 1,422,708
New Hire Police	693,432	227,434	346,268	133,624
Total	$ 7,673,900	$ 1,319,830	$ 1,746,988	$ 1,556,332

For the year ended December 31, 2017

	Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense
PERA	$ 8,543,568	$ 2,301,142	$ 205,625	$ 1,200,859
New Hire Police	1,325,627	613,523	151,834	267,351
Total	$ 9,869,195	$ 2,914,665	$ 357,459	$ 1,468,210

Note: Immaterial differences may occur due to rounding

A. Colorado Public Employees' Retirement Association

Plan Description: The Airport participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Title 24, Article 51, of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for LGDTF. That report may be obtained online at

www.copera.org/investments/pera-financial-reports

or by writing to
Colorado PERA, 1301 Pennsylvania Street
Denver, Colorado 80203

or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

All Airport employees, except uniformed police, are members of the LGDTF. The LGDTF of PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.

- Value of the retiring employee's member contribution account plus a 100% match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100% of highest average salary and also cannot exceed the maximum benefit allowed by Federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50% or 100% on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

On an annual basis, eligible benefit recipients receive post-retirement, cost-of-living adjustments called annual increases (AI). The AI payment month, eligibility and amounts are determined by the date the retiree or deceased member began membership in PERA. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 receive an annual increase of 2%, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2% or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2% or the average CPI-W for the prior calendar year, not to exceed 10% of PERA's Annual Increase Reserve for the LGDTF. If PERA's overall funded status is at or above 103%, the AI cap of 2% will increase by .25% per year. If after PERA's overall funded status subsequently drops below 90%, the AI cap will decrease by .25% per year, but will never drop below 2%.

The LGDTF of Colorado PERA is currently open to new entrants.

Membership-Division Trust Funds-Defined Benefit Pension Plans

Benefits recipients and members of PERA consisted of the following as of December 31, 2017:

	Local Government Division
Retirees and beneficiaries	7,369
Terminated employees entitled to benefits	
but not yet receiving benefits	2,741
Inactive members	23,937
Active members	
Vested general employees	6,020
Non-vested general employees	6,750
Total members	46,817

The Airport and its eligible employees are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. §24-51-401, et seq. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Eligible employees are required to contribute 8% of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	Rate (%)
Employee Contribution Rate[1]	10.00
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)[1]	(1.02)
Amount Apportioned to the LGDTF[1]	8.98
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411[1]	2.20
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411[1]	1.50
Total Employer Contribution Rate to the LGDTF[1]	12.68

[1]Rates are expressed as a % of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Airport is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the Airport were $581,963 and $515,797 for the year ended December 31, 2018 and 2017, respectively.

Collective Net Pension Liability: The components of the Airport's proportionate share of the collective net pension liability for the LGDTF as of December 31, 2018 are as follows:

Total Pension Liability (TPL)	$ 33,832,578
Plan Fiduciary Net Position (FNP)	(26,852,110)
Net Pension Liability (NPL)	$ 6,980,468

Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: As of December 31, 2018 and 2017 the Airport reported a liability of $6,980,468 and $8,543,568 for its proportionate share of the net pension liability, respectively. The net pension liability was measured as of December 31, 2017 and 2016, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016 and 2015, respectively. Standard update procedures were used to roll forward the total pension liability to December 31, 2017 and 2016, respectively. The Airport's proportion of the net pension liability was based on our contributions to the LGDTF for the calendar year 2017 and 2016, respectively, relative to the total contributions of participating employers to the LGDTF.

At December 31, 2017, the Airport's proportion was 0.6269%, which was a decrease of 0.0058% from its proportion measured as of December 31, 2016.

At December 31, 2016, the Airport's proportion was 0.6327%, which was a decrease of 0.0316% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2018 and 2017, the Airport's pension expense related to the PERA LGDTF was $1,422,708 and $1,200,859.

At December 31, 2018, the Airport reported deferred outflows of resources and deferred inflows of resources related to pensions for the PERA LGDTF from the following sources:

	2018		2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 436,693	$ —	$ 152,037	$ —
Net difference between projected and actual earnings on investments	—	1,356,835	1,026,045	—
Change in assumptions	73,740	—	606,010	24,707
Changes in proportionate share	—	43,885	1,253	180,918
Contributions subsequent to the measurement date	$ 581,963	N/A	$ 515,797	N/A
Total	$ 1,092,396	$ 1,400,720	$ 2,301,142	$ 205,625

The $581,963 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Difference Between expected and actual experience	Net difference between projected and actual earnings on investment	Changes in assumptions	Changes in proportionate share	Total effect of amortized deferred inflows/outflows on pension expense
2019	$ 385,190	$ (142,044)	$ 73,740	$ (40,779)	$ 276,107
2020	51,503	(218,229)	—	(3,106)	(169,832)
2021	—	(493,447)	—	—	(493,447)
2022	—	(503,115)	—	—	(503,115)
	$ 436,693	$ (1,356,835)	$ 73,740	$ (43,885)	$ (890,287)

The difference between expected and actual experience, changes in assumptions as well as the Airport's change in its proportionate share in the plan are amortized over a closed period equal to the average expected remaining service life of active and inactive members in the plan. The LGDTF determined the average expected remaining service life for active and inactive members at the beginning of the 2017 measurement period to be 2.14 years. The difference between expected and actual investment experience is amortized over a closed five year period.

Actuarial assumptions: The December 31, 2016 actuarial valuation used the following actuarial cost method, actuarial assumptions and other inputs:

	Rate (%)
Actuarial cost method	Entry Age
Price inflation	2.40
Real wage growth	1.10
Wage inflation	3.50
Salary increases, including wage inflation	3.50 - 10.45
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25
Discount rate	7.25
Future post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07	2.00
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70% factor applied to male rates and a 55% factor applied to female rates.

Healthy, post-retirement mortality assumptions reflect the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73% factor applied to rates for ages less than 80, a 108% factor applied to rates for ages 80 and above, and further adjustments for credibility.

- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78% factor applied to rates for ages less than 80, a 109% factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90% of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2016 valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012 through December 31, 2015, as well as, the October 28, 2016 actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016 Board meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the LGDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

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Asset Class	Target Allocation (%)	30 Year Expected Geometric Real Rate of Return (%)
US equity - large cap	21.20	4.30
US equity - small cap	7.42	4.80
Non US equity - developed	18.55	5.20
Non US equity - emerging	5.83	5.40
Core fixed income	19.32	1.20
High yield	1.38	4.30
Non US fixed income - developed	1.84	0.60
Emerging market debt	0.46	3.90
Core real estate	8.50	4.90
Opportunity fund	6.00	3.80
Private equity	8.50	6.60
Cash	1.00	0.20
Total	100%	

* In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

Discount rate: The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate applied the actuarial method and assumptions shown above. In addition, the following methods and assumptions were used:

- Updated economic and demographic actuarial assumptions adopted by PERA's Board on November 18, 2016.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the Actuarial Value Funding Ration reached 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post- retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were established and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on those assumptions, the LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 % on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

As of the prior measurement date, the long-term expected rate of return of 7.50% on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination did not use the municipal bond index, and therefore, the discount rate was 7.50%.

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.25%) or 1% higher (8.25%) than the current rate:

Sensitivity of the NPL:

	1 % Decrease	Current Discount Rate	1 % Increase
	6.25%	7.25%	8.25%
Proportionate share of the net pension liability	$ 11,117,622	$ 6,980,468	$ 3,531,555

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERA LGDTF financial reports found at:

https://www.copera.org/resources/forms-publications/2017-cafr

Subsequent Events: During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through SB 18-200: *Concerning*

Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to the plans administered by PERA with the goal of eliminating the unfunded actuarial accrued liability of the Division Trust Funds and thereby reach a 100 percent funded ratio for each division within the next 30 years.

A brief description of some of the major changes to plan provisions required by SB 18-200 are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employee contribution rates by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).

- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, modifying the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.

- Member contributions, employer contributions, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.

- Expands eligibility to participate in the PERA DC Plan to new members hired on or after January 1, 2019, in the Local Government Division. Beginning January 1, 2021, and every year thereafter, employer contribution rates for the LGDTF will be adjusted to include a defined contribution supplement based on the employer contribution amount paid to defined contribution plan participant accounts that would have otherwise gone to the defined benefit trusts to pay down the unfunded liability plus any defined benefit investment earnings thereon.

At December 31, 2018, the Airport reported a liability of $6,980,468 for its proportionate share of the net pension liability which was measured using the plan provisions in effect as of the pension plan's year-end based on a discount rate of 7.25%. For comparative purposes, the following schedule presents an estimate of what Airport's proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the LGDTF, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the LGDTF as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

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Current Discount Rate	Proportionate Share of Net Pension Liability	Estimated Discount Rate Calculated Using Plan Provisions Required by SB 18-200	Estimated Share of Net Pension Liability Calculated Using Plan Provisions Required by SB 18-200
7.25%	$ 6,980,468	7.25%	$ 4,937,404

B. Colorado Springs New Hire Police Defined Benefit Pension Plan

Plan Description: The New Hire Pension Plan is a single-employer defined benefit plan administered by the Fire and Police Pension Association of Colorado (FPPA). However, for purposes of these Airport financials statements, the Airport has allocated and disclosed the New Hire Plan as a cost-sharing multiple employer defined benefit pension plan in accordance with the requirements of GASB Statement No. 68. Allocation of pension-related items in the New Hire Plan is based on amounts contributed for Airport employees as a percentage of total Airport contributions.

Effective October 1, 2006, the New Hire Pension Plan was incorporated into the Defined Benefit System by the FPPA Board pursuant to provisions of CRS 31-31-706(2)(a). Assets of the New Hire Pension Plan are held in trust with the FPPA Board acting as trustee. As trustee, FPPA collects, invests, administers and disburses monies related to the Defined Benefit Pension Plan. The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and addition to/deductions from the fiduciary net position have been calculated using the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

FPPA issues a publicly available financial report that includes financial statements and required supplementary information for FPPA. That report may be obtained online at:

http://www.fppaco.org/annual-reports.html

or by writing to:

Fire and Police Pension Association of Colorado
5290 DTC Parkway, Suite 100
Greenwood Village, CO 80111-2721

or by calling FPPA at (303) 770-3772

The New Hire Pension Plan is for sworn police employees hired after April 8, 1978 but before October 1, 2006. This plan is closed to new employees. Any amendments to the benefit-related provisions of the New Hire Pension Plan may be made by the FPPA Board, with the consent of the Airport, only upon approval of at least 65% of the then active members in the plan. In 2007 and 2011, members in the New Hire Pension Plan were allowed to make a one-time irrevocable election to switch from the New Hire Pension Plan to the Statewide Defined Benefit Pension Plan effective January 1, 2012.

Members in the New Hire Police Pension Plan may be eligible for a normal retirement pension at any time after age 50, if the member has at least 25 years of service. The annual normal pension equals 2% of the member's final average salary (for the past 39 payroll periods) for each full year of credited service up to ten years plus 2.75% for each full year thereafter with a maximum benefit of 75%. A member is eligible for an early retirement benefit after completion of 20 years of service and attainment of age 45. The early retirement benefit is reduced by 7.5% for each year that the member is less than age 50.

Cost-of-living adjustments begin on October 1 immediately before the retiree turns 60 or 10 years after benefits payment commence, whichever is earlier. The COLA increase reflects increases in the consumer price index but in no case can the increase be more than 3% for any one year.

Upon termination, a member may elect to have all contributions, along with 5% per annum, as interest, returned as a lump sum distribution. Alternatively, a member with at least 10 years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 50 equal to 2% of the member's final average salary (for the past 39 payroll periods) for each full year of credited service up to ten years plus 2.75% for each full year thereafter with a maximum benefit of 75%.

The benefit recipients and members of the New Hire Police Pension Plan as of December 31, 2017 are as follows:

Retirees and beneficiaries	306
Inactive, non-retired members	24
Active members	283

The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members within the plan as determined by the actuarial study. The Airport's contribution rate shall never drop below the employee rate as set by the Board of the Fire and Police Pension Association. Eligible employees are required to contribute 8% of their FPPA-includable salary. For 2018 and 2017, the Airport's employer contribution rate was set at 26.50% and 26.50%, respectively. The Airport also contributed an additional amount into the plan of $38,826 and $51,325 for the years ended December 31, 2018 and 2017, respectively. Employer contributions recognized by the New Hire Police Pension Plan from the Airport were $185,300 and $215,874 for the years ended December 31, 2018 and 2017, respectively.

Collective Net Pension Liability: The components of the Airport's net pension liability for the New Hire Police Pension Plan as of December 31, 2018 are as follows:

Total Pension Liability (TPL)	$ 8,736,055
Plan Fiduciary Net Position (FNP)	(8,042,623)
Net Pension Liability (NPL)	$ 693,432

Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: As of December 31, 2018 and 2017, the Airport reported a liability of $693,432 and $1,325,628 for the New Hire Police Pension Plan net pension liability, respectively. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll forward the total pension liability to December 2018.

At December 31, 2017, the Airport's proportion was 2.5483%, which was an increase of 0.0887% from its proportion measured as of December 31, 2016.

At December 31, 2016, the Airport's proportion was 2.4596%, which was an increase of 0.1622% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2018 and 2017 the Airport's pension expense related to the New Hire Police Pension Plan was $133,624 and $267,351 respectively.

At December 31, 2018 the Airport reported deferred outflows of resources and deferred inflows of resources related to pensions for the New Hire Fire Pension Plan from the following sources:

	2018		2017	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Difference between expected and actual experience	$ —	$ 253,711	$ —	$ 217,426
Net difference between projected and actual earnings on investments	—	166,453	341,008	—
Change in assumptions	86,370	—	120,669	—
Changes in proportionate share	(44,236)	(73,896)	(64,028)	(65,592)
Contributions subsequent to the measurement date	$ 185,300	N/A	$ 215,874	N/A
Total	$ 227,434	$ 346,268	$ 613,523	$ 151,834

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The $185,300 reported as deferred outflows of resources related to pensions, resulting from contributions made subsequent to the measurement date, will be recognized as a reduction the net pension liability in the year ended December 31, 2019. Other amount reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Difference between expected and actual experience	Net difference between projected and actual earnings on investments	Changes in assumptions	Net changes in proportionate share	Total effect of amortized deferred inflows/ outflows on pension expense
2019	$ (103,683)	$ 9,016	$ 38,651	$ 10,893	$ (45,123)
2020	(103,683)	2,446	38,651	9,716	(52,870)
2021	(46,345)	(75,766)	9,068	9,051	(103,992)
2022	—	(102,149)	—	—	(102,149)
	$ (253,711)	$ (166,453)	$ 86,370	$ 29,660	$ (304,134)

The difference between expected and actual experience is amortized over a closed period equal to the average expected remaining service life of active and inactive members in the plan. FPPA determined the average expected remaining service life for active and inactive members at the beginning of the 2017 measurement period to be 3.7670 years. The difference between expected and actual investment experience is amortized over a closed five year period.

Actuarial assumptions: The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs:

	Rate (%)
Price inflation	2.50
Salary increase, including inflation	4.00-14.00
Long-term investment rate of return, net of pension plan investment expense, including price inflation	7.50
Future post-retirement benefit increases (COLA)	2.60

Pre-Retirement mortality rate was based on RP-2014 Mortality Tables for Blue Collar Employees with Scale BB, 55% qualifier for off-duty mortality, increased by .00020 for on-duty related Fire and Police experience. Post-Retirement mortality rate was based on R-2014 Mortality Table for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For ages 55 through 64, a blend of the previous tables. All tables are projected with Scale BB.

Following a regularly scheduled experience study in 2015, the Board adopted a new assumption set for first use on the January 1, 2016 valuations. The assumptions changes are incorporated into the Collective Total Pension Liability as of December 31, 2015 and therefore no changes were made since the prior valuation.

The complete assumption set can be found in the actuarial valuation report as of January 1, 2018.

The assumptions that are based upon the actuary's recommendations are internally consistent and reasonably based on the actual past experience of the plan.

Discount Rate: The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2017 are below:

Asset Class	Target Allocation (%)	10 Year expected arithmetic real rate of return (%)
Global Equity	37.00	8.33
Equity Long/Short	9.00	7.15
Illiquid Alternatives	24.00	9.70
Fixed Income	15.00	3.00
Absolute Return	9.00	6.46
Managed Futures	4.00	6.85
Cash	2.00	2.26
Total	100.00	

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from the Airport will be made based on actuarially determined rates based on the Board's funding policy. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all the projected future payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate.

The following presents net pension liability calculated using the discount rate of 7.50%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.50%) or 1% higher (8.50%) than the current rate:

Sensitivity of the NPL:

	1 % Decrease	Current Discount Rate	1 % Increase
	6.50%	7.50%	8.50%
Airport's proportionate share of the net pension liability (asset)	$ 1,969,011	$ 693,432	$ (342,976)

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued FPPA financial report found at:

http://www.fppaco.org/annual-reports.html

4. *Compliance with Uniform Guidance*

The Colorado Springs Airport receives funding from the Federal Aviation Administration. The Airport is an Enterprise Fund operated by the City of Colorado Springs. As such, these grants have been audited in accordance with Title 2 U.S. Code of Federal Regulation Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) at the City level.

Under the Terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grant. Such audits could lead to reimbursements to the grantor agencies. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time. Management believes disallowances, if any; resulting from any such audits would be immaterial.

5. *Subsequent Event*

The Colorado Springs Airport entered into a sales agreement with CF Capy Bara COS, LLC for a land purchase of 18.74 acres at a price of $2,245,104. CF Capy Bara COS, LLC will be using this land for a distribution center that has no access to the airfield. This real estate transaction will close in April 2019.

6. *Adoption of New Accounting Standard*

Effective January 1, 2018, the Airport adopted the provisions of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75).* The impact of adoption of GASB 75 is shown as a cumulative effect adjustment to beginning net position in fiscal year 2018. Restatement of the 2017 financial statements is not practical because OPEB information determined in accordance with GASB 75 is not available for that year. The implementation of GASB 75 required the Airport to record a total/net other postemployment benefit (OPEB) liability and related deferred inflows and outflows of resources related to OPEB.

As a result, the Airport's restatement of beginning net position balances is as follows:

Beginning net position, as previously reported	$	251,677,624
Implementation of GASB 75		
Total/net OPEB liability at January 1, 2018, under GASB 75		(1,071,235)
Deferred outflow of resources at January 1, 2018, under GASB 75		67,249
Beginning net position, as restated	$	250,673,638

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Required Supplementary Information

Colorado Springs Municipal Airport
Colorado Springs, Colorado
Schedule of Proportionate Share of the Net Pension Liability-Colorado PERA Defined Benefit Pension Plan
Years Ended December 31,

Colorado PERA Local Government Division Trust Fund

	2018	2017	2016	2015
Proportionate share of total pension liability	$ 33,832,578	$ 32,418,428	$ 31,635,457	$ 32,388,500
Proportionate share of fiduciary net position	(26,852,110)	(23,874,860)	(24,317,448)	(26,142,480)
Proportionate share of net pension liability	$ 6,980,468	$ 8,543,568	$ 7,318,009	$ 6,246,020
Fiduciary net position as a percentage of total pension liability	79.37%	73.65%	76.87%	80.72%
Covered payroll	$ 3,969,224	$ 3,732,151	$ 3,825,699	$ 3,993,462
Net pension liability as a percentage of covered payroll	175.86%	228.92%	191.29%	156.41%
Proportion of net pension liability	0.6269%	0.6327%	0.6643%	0.6969%

Notes to the Required Supplementary Information

There were no significant changes to benefit assumptions and/or actuarial methods for the year ended December 31, 2017, the plan measurement date.

* Information determined under the provisions of GASB 68 is not available for years prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented. Information presented in this schedule has been determined as of the measurement date in accordance with GASB Statement No. 68.

Colorado Springs Municipal Airport
Colorado Springs, Colorado
Schedule of Proportionate Share of the Net Pension Liability-New Hire Police Defined Benefit Pension Plan
Years Ended December 31,

New Hire Police Defined Benefit Pension

	2018	2017	2016	2015
Proportionate share of total pension liability	$8,736,055	$8,141,530	$7,351,186	$7,667,116
Proportionate share of fiduciary net position	(8,042,623)	(6,815,903)	(6,081,891)	(6,700,173)
Proportionate share of net pension liability	$ 693,432	$1,325,627	$1,269,295	$ 966,943
Fiduciary net position as a percentage of total pension liability	92.06%	83.72%	82.73%	87.39%
Covered payroll	$ 614,509	$ 650,323	$ 657,424	$ 774,052
Net pension liability as a percentage of covered payroll	112.84%	203.84%	193.07%	124.92%
Proportion of net pension liability	2.5483%	2.4596%	2.2974%	2.5745%

Notes to the Required Supplementary Information

There were no significant changes to benefit assumptions and/or actuarial methods for the year ended December 31, 2017, the plan measurement date.

* Information determined under the provisions of GASB 68 is not available for years prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented. Information presented in this schedule has been determined as of the measurement date in accordance with GASB Statement No. 68.

Colorado Springs Municipal Airport
Colorado Springs, Colorado
Schedule of Proportionate Share of the Net OPEB Liability - Colorado PERA Health Care Trust Fund
Year Ended December 31,

Colorado PERA Health Care Trust Fund

		2018
Proportionate share of total OPEB liability	$	765,945
Proportionate share of fiduciary net position		(134,261)
Proportionate share of net OPEB liability	$	631,684
Fiduciary net position as a percentage of total OPEB liability		17.53%
Covered employee payroll	$	3,969,224
Net OPEB liability as a percentage of covered employee payroll		15.91%
Proportion of net OPEB liability		0.0486%

Notes to the Required Supplementary Information

There were no significant changes to benefit assumptions and/or actuarial methods for the year ended December 31, 2017, the plan measurement date.

* Information determined under the provisions of GASB 75 is not available for years prior to 2018. In future reports, additional years will be added until 10 years of historical data are presented. Information presented in this schedule has been determined as of the measurement date in accordance with GASB Statement No. 75.

Colorado Springs Municipal Airport
Colorado Springs, Colorado
Schedule of Proportionate Share of the Total OPEB Liability - City of Colorado Springs OPEB Plan
Year Ended December 31,

City of Colorado Springs OPEB Plan

	2018
Proportionate share of total OPEB liability	$ 504,920
Covered employee payroll	$ 5,408,454
Total OPEB liability as a percentage of covered employee payroll	9.34%
Proportion of total OPEB liability	1.6770%

Notes to the Required Supplementary Information

Benefit changes	None
Actuarial assumption changes	The discount rate decreased from 3.78% to 3.44% based on changes in the 20-year municipal bond rate. Updated mortality, disability, turnover, retirement and salary scale assumptions were updated to reflect those from the FPPA 2018 Actuarial Experience study and the December 31, 2017 Colorado PERA pension valuation.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75

* Information determined under the provisions of GASB 75 is not available for years prior to 2018. In future reports, additional years will be added until 10 years of historical data are presented. Information presented in this schedule has been determined as of the measurement date in accordance with GASB Statement No. 75.

Colorado Springs Municipal Airport
Colorado Springs, Colorado
Schedule of Contributions-Colorado PERA
Defined Benefit Pension Plan
Years Ended December 31,

Colorado PERA Local Government Division Trust Fund

	Statutorily Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contributions as a % of Covered Payroll
2018	$ 581,963	$ 581,963	$ —	$ 4,273,597	13.62
2017	515,797	515,797	—	3,969,224	12.99
2016	487,205	487,205	—	3,732,151	13.05
2015	490,082	490,082	—	3,825,699	12.81

Notes to the Required Supplementary Information

There were no changes to benefits or assumptions used in the calculation of contribution rates.

* Information determined under the provisions of GASB 68 is not available for years prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented. Information presented in this schedule has been determined as of the City's fiscal year end December 31 in accordance with GASB Statement No. 68.

Colorado Springs Municipal Airport
Colorado Springs, Colorado
Schedule of Contributions-New Hire
Police Defined Benefit Pension Plan
Years Ended December 31,

New Hire Police Defined Benefit Pension

	Statutorily Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contributions as a % of Covered Payroll
2018	$ 185,300	$ 185,300	$ —	$ 598,861	30.94
2017	215,874	215,874	—	614,509	35.13
2016	185,158	185,158	—	650,323	28.47
2015	183,082	183,082	—	657,424	27.85

Notes to the Required Supplementary Information

Valuation date:	January 1, 2018

Methods and assumptions used to determine contributions

Actuarial cost method	Entry age
Amortization method	Level percentage of pay, closed
Remaining amortization period	22 years
Inflation	2.50%
Salary increase	4.00 - 14.00%
Discount rate	7.50%
Retirement age	50 years of age
Mortality	Rates were based on RP-2014 Combined Mortality Table with Blue Collar Adjustment, projected Scale BB 55% multiplier for off-duty mortality increased by .00020 for on-duty Fire and Police experience

* Information determined under the provisions of GASB 68 is not available for years prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented. Information presented in this schedule has been determined as of the City's fiscal year end December 31 in accordance with GASB Statement No. 68.

Colorado Springs Municipal Airport
Colorado Springs, Colorado
Schedule of Contributions - Colorado PERA
Health Care Trust Fund
Year Ended December 31,

Colorado PERA Health Care Trust Fund

	Statutorily Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Actual Contributions as a % of Covered Employee Payroll
2018	$ 46,709	$ 46,709	$ —	$ 4,273,597	1.09%

Notes to the Required Supplementary Information

There were no changes to benefits or assumptions used in the calculation of contribution rates.

* Information determined under the provisions of GASB 75 is not available for years prior to 2018. In future reports, additional years will be added until 10 years of historical data are presented. Information presented in this schedule has been determined as of the City's fiscal year end December 31 in accordance with GASB Statement No. 75.

Supplementary and Other Information

Colorado Springs Municipal Airport
Colorado Springs, Colorado
Airlines Serving the Airport (Unaudited)
December 31, 2018

Passenger Airlines

Carrier	Flown by
Allegiant Air	
American Airlines	American, Mesa, American Eagle
Continental/Continental Express Airlines	ExpressJet and Skywest
Delta/Delta Connection AIr Lines	Delta, SkyWest
Frontier Airlines	
United Airlines	ExpressJet, SkyWest, Republic Airlines, Trans State, Go Jet and Shuttle America

All-Cargo Airlines

Fed Ex
Key Lime

Colorado Springs Municipal Airport
Colorado Springs, Colorado
Historical Airline Traffic (Unaudited)
December 31, 2018

	Enplaned passengers				Aircraft Operations (No. of Departures)					Enplaned passengers per departure	
Year	Major/ National Airlines	Regional/ Commuter Airlines	Total	Percent Increase (Decrease)	Major/ National Airlines	Regional/ Commuter Airlines	Cargo Airlines	Total	Percent Increase (Decrease)	Major/ National Airlines	Regional/ Commuter Airlines
2009	288,623	640,977	929,600	-6.9%	2,537	13,718	826	17,081	-11.0%	114	47
2010	282,536	580,871	863,407	-7.1%	2,495	12,923	860	16,278	-4.7%	113	45
2011	273,379	540,957	814,336	-5.7%	2,451	12,213	880	15,544	-4.5%	112	44
2012	271,372	550,636	822,008	0.9%	2,415	11,534	850	14,799	-4.8%	112	48
2013	256,760	393,769	650,529	-20.9%	2,301	8,876	845	12,022	-18.8%	112	44
2014	269,935	357,989	627,924	-3.5%	2,310	8,086	899	11,295	-6.0%	117	44
2015	261,458	336,196	597,654	-4.8%	2,300	6,599	863	9,762	-13.6%	114	51
2016	284,178	372,099	656,277	9.8%	2,825	6,615	834	10,274	5.2%	101	56
2017	507,144	343,126	850,270	29.6%	4,021	6,918	856	11,795	14.8%	126	50
2018	548,945	316,576	865,521	1.8%	4,352	6,907	769	12,028	2.0%	126	46

Source: Colorado Springs Municipal Airport management records.
Note: Enplaned/Aircraft Operations are based on carrier who actually flew the operation not under Carrier ticket sold

Colorado Springs Municipal Airport
Colorado Springs, Colorado
Airline Shares of Enplaned Passengers (Unaudited)
December 31, 2018

	2009		2010		2011		2012		2013		2014		2015		2016		2017		2018	
	Number	Percent of total	Number	Percent of total	Number	Percent of total	Number	Percent of total	Number	Percent of total	Number	Percent of total	Number	Percent of total	Number	Percent of total	Number	Percent of total	Number	Percent of total
Major/national airlines																				
Allegiant Air (1)	32,673	3.5%	38,258	4.4%	41,855	5.1%	38,834	4.7%	25,962	4.0%	30,096	4.8%	34,220	5.7%	29,221	4.5%	22,527	2.6%	3,796	0.4%
American Airlines	208,535	22.4%	190,462	22.1%	178,324	21.9%	177,505	21.6%	174,186	26.8%	180,342	28.7%	168,710	28.2%	134,940	20.6%	201,625	23.7%	240,036	27.7%
Continental Airlines (2)	93	0.0%	149	0.0%	—	0.0%	151	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%
Delta Air Lines (4)	46,526	5.0%	52,997	6.1%	51,322	6.3%	52,719	6.4%	54,840	8.4%	52,458	8.4%	47,657	8.0%	46,957	7.2%	47,809	5.6%	44,593	5.2%
Frontier Airlines	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	66,516	10.1%	232,302	27.3%	259,946	30.0%
United Airlines (5)	—	0.0%	101	0.0%	—	0.0%	—	0.0%	—	0.0%	171	0.0%	—	0.0%	1,085	0.2%	—	0.0%	—	0.0%
Charters	796	0.1%	569	0.1%	1,878	0.2%	2,163	0.3%	1,772	0.3%	6,868	1.1%	10,871	1.8%	5,459	0.8%	2,881	0.3%	574	0.1%
	288,623	31.0%	282,536	32.7%	273,379	33.5%	271,372	33.0%	256,760	39.5%	269,935	43.0%	261,458	43.7%	284,178	43.4%	507,144	59.5%	548,945	63.4%
Regional/commuter airlines																				
Atlantic Southeast Airlines (3)	—	0.0%	—	0.0%	4,211	0.5%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%
Comair (6)	71,734	7.7%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%
Continental Express (7)	—	0.0%	70,045	8.1%	5,696	0.7%	23,633	2.9%	40,054	6.2%	46,518	7.4%	20,900	3.5%	11,831	1.8%	17,777	2.1%	6,739	0.8%
ExpressJet Airlines (8)	824	0.1%	132	0.0%	1,078	0.1%	2,140	0.3%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%
Frontier/Lynx (9)	103,964	11.2%	110,371	12.8%	104,961	12.9%	154,743	18.8%	20,818	3.2%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%
Mesa Airlines dba United	52,762	5.7%	10,068	1.2%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%
Mesa Airlines dba American	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	32,625	5.0%	—	0.0%	—	0.0%
Mesaba (10)	48,034	5.2%	14,306	1.7%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%
Republic Airways (13)	—	0.0%	—	0.0%	—	0.0%	11,104	1.4%	57,083	8.8%	40,576	6.5%	25,939	4.3%	1,182	0.2%	41,672	4.9%	43,169	5.0%
Shuttle America dba Delta (14)	—	0.0%	4,508	0.5%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%
Shuttle America dba United (15)	—	0.0%	—	0.0%	—	0.0%	367	0.0%	265	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%
SkyWest dba Alaska	—	0.0%	—	0.0%	—	0.0%	—	0.0%	2,908	0.4%	21,121	3.4%	20,789	3.5%	21,953	3.3%	18,849	2.2%	—	0.0%
SkyWest dba Continental	—	0.0%	—	0.0%	67,209	8.3%	8,853	1.1%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%
SkyWest dba Delta	41,021	4.4%	56,113	6.5%	52,331	6.4%	43,673	5.3%	29,422	4.5%	29,952	4.8%	28,918	4.8%	30,974	4.7%	30,259	3.6%	27,660	3.2%
SkyWest dba United	257,190	27.7%	314,811	36.5%	305,471	37.5%	306,123	37.2%	243,219	37.4%	219,822	35.0%	235,465	39.4%	265,974	40.5%	208,802	24.6%	208,994	24.1%
Trans States Airlines (11)	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	4,185	0.7%	7,560	1.2%	17,816	2.1%	26,692	3.1%
US Airways (12)	65,448	7.0%	517	0.1%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%
Charters	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	7,951	0.9%	3,322	0.4%
	640,977	69.0%	580,871	67.4%	540,957	66.4%	550,636	67.0%	393,769	60.5%	357,989	57.1%	336,196	56.2%	372,099	56.7%	343,126	40.4%	316,576	36.6%
Total	929,600	100.0%	863,407	100.0%	814,336	100.0%	822,008	100.0%	650,529	100.0%	627,924	100.0%	597,654	100.1%	656,277	100.0%	850,270	100.0%	865,521	100.0%

1 Allegiant Airlines started service in February 2002

2 Continental transferred most of its activity to Continental Express starting April 2002 and all activity to Continental Express in 2006. ExpressJet began flying for Continental Express in 2010.

3 Service was provided by Atlantic Southeast Airlines and Mesaba. Mesaba discontinued service in September 2012.

4 Northwest merged with Delta Air Lines in September 2008. Mesaba flew for Northwest, Jan - Apr 2010.

5 United Airlines transferred all activity control to SkyWest in January 2007 and operates as United Express.

6 Comair resumed service in December 2002 as Delta Connection and ceased operations April 2008.

7 Continental Express service began in April 2002. ExpressJet began flying for Contiental Express in 2009. The Continental/United merger began in 2011 with the majority of Continental flights flown by ExpressJet and SkyWest.

8 ExpressJet Airline started service April 2007 and ceased all brand flying in September of 2008.

9 Frontier/Lynx started service in April 2008, Frontier ceased service April 2013.

10 Mesaba Airlines operated as Northwest Airlink starting September 2008.

11 Trans States Airlines operated as American Connection in January 2004. Service resumed August 2004 through June 2005. Trans States Airlines operated as United Express from March 2006 through September 2006. Trans States/United Express passenger activity is not reported separately by United.

12 US Airways operated by Mesa Air Group after America West and US Airways merger. US Airways discontinued service January 2010.

13 Republic Airways began operating for United Airlines in August 2012.

14 Shuttle America began operating for Delta Airlines in June, July, August 2010.

15 Shuttle America began operating for United Airlines in November 2012.

Source: Colorado Springs Municipal Airport management records.

Note: Enplanements are based on carrier who actually flew the operation not under Carrier ticket sold

Colorado Springs Municipal Airport
Colorado Springs, Colorado
Historical Aircraft Landed Weight (Unaudited)
December 31, 2018

	2009		2010		2011		2012		2013		2014		2015		2016		2017		2018	
	1,000-lb units	% of total	1,000-lb units	% of total	1,000-lb units	% of total	1,000-lb units	% of total	1,000-lb units	% of total	1,000-lb units	% of total	1,000-lb units	% of total	1,000-lb units	% of total	1,000-lb units	% of total	1,000-lb units	% of total
Passenger Airlines																				
Major and national																				
Allegiant	34,753	3.0%	39,268	3.5%	41,895	3.8%	37,503	3.3%	24,543	2.7%	28,154	3.2%	34,279	4.3%	29,652	3.5%	24,352	2.3%	4,847	0.5%
American Airlines	243,363	20.7%	231,569	20.8%	220,395	20.2%	219,278	19.1%	214,014	23.4%	206,048	23.5%	180,039	22.5%	143,426	16.9%	212,118	20.2%	249,748	23.7%
Continental Airlines	110	0.0%	—	0.0%	—	0.0%	381	0.0%	157	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%
Delta Air Lines	50,500	4.3%	53,004	4.8%	51,266	4.7%	57,439	5.0%	60,813	6.7%	51,988	5.9%	48,645	6.1%	49,486	5.8%	48,027	4.6%	46,714	4.4%
Frontier Airlines	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	69,824	8.2%	234,620	22.4%	251,716	23.9%
United Airlines	—	0.0%	230	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	2,880	0.3%	—	0.0%	—	0.0%
	328,726	28.0%	324,071	29.1%	313,556	28.7%	314,601	27.4%	299,527	32.8%	286,190	32.6%	262,963	32.9%	295,268	34.7%	519,117	49.5%	553,025	52.5%
Regional and commuter																				
Atlantic Southeast Airlines	—	0.0%	—	0.0%	5,074	0.5%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%
Continental Express	74,728	6.4%	73,872	6.6%	13,889	1.3%	26,485	2.3%	43,817	4.8%	53,342	6.1%	23,042	2.9%	12,019	1.4%	18,557	1.8%	7,187	0.7%
ExpressJet	1,058	0.1%	265	0.0%	1,233	0.1%	2,109	0.2%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%
Frontier/Lynx Aviation	123,387	10.5%	146,053	13.1%	144,095	13.2%	220,716	19.2%	33,030	3.6%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%
Mesa Airlines dba American	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	35,202	4.1%	—	0.0%	—	0.0%
Mesa dba United	68,110	5.8%	13,134	1.2%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%
Mesaba dba Delta	—	0.0%	18,897	1.7%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%
Mesaba dba Northwest Airlink	55,424	4.7%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%
Republic dba United Airlines	—	0.0%	—	0.0%	—	0.0%	11,856	1.0%	79,966	8.8%	52,796	6.0%	28,706	3.6%	1,298	0.2%	49,990	4.8%	51,455	4.9%
Shuttle America dba Delta	—	0.0%	5,772	0.5%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%
Shuttle America dba United	—	0.0%	—	0.0%	—	0.0%	825	0.1%	675	0.1%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%
Skywest dba Alaska	—	0.0%	—	0.0%	—	0.0%	—	0.0%	3,953	0.4%	24,147	2.8%	24,146	3.0%	25,123	3.0%	22,854	2.2%	—	0.0%
Skywest dba Continental	—	0.0%	—	0.0%	80,094	7.3%	11,192	1.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%
Skywest dba Delta	47,003	4.0%	31,792	2.9%	23,189	2.1%	51,442	4.5%	34,075	3.7%	33,584	3.8%	30,957	3.9%	32,628	3.8%	32,372	3.1%	31,546	3.0%
Skywest dba United	320,955	27.3%	396,801	35.6%	394,046	36.1%	398,204	34.6%	306,631	33.6%	281,556	32.1%	281,412	35.2%	303,321	35.7%	239,497	22.8%	244,689	23.3%
Trans States	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	4,431	0.6%	7,532	0.9%	17,993	1.7%	27,208	2.6%
US Airways Express	70,531	6.0%	517	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%
	761,196	64.8%	687,103	61.6%	661,620	60.6%	722,829	62.9%	502,147	55.0%	445,425	50.8%	392,694	49.2%	417,123	49.1%	381,263	36.4%	362,085	34.5%
Total Passenger Airlines	1,089,922	92.8%	1,011,174	90.7%	975,176	89.3%	1,037,430	90.3%	801,674	87.8%	731,615	83.4%	655,657	82.1%	712,391	83.8%	900,380	85.9%	915,110	87.0%
All-cargo airlines																				
FedEx	80,712	6.9%	98,452	8.9%	100,745	9.2%	99,619	8.7%	99,990	10.9%	101,858	11.6%	102,762	12.9%	103,046	12.1%	83,176	7.9%	77,081	7.3%
Key Lime Air	4,495	0.4%	4,656	0.5%	4,936	0.5%	4,708	0.4%	4,658	0.5%	5,233	0.6%	4,685	0.6%	4,409	0.5%	6,158	0.6%	5,404	0.5%
Western Global Airlines	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	482	0.0%	—	0.0%
	85,207	7.3%	103,108	9.4%	105,681	9.7%	104,327	9.1%	104,648	11.4%	107,091	12.2%	107,447	13.5%	107,455	12.6%	89,816	8.5%	82,485	7.8%
Charter	1,488	0.1%	1,162	0.2%	5,885	0.4%	7,331	0.6%	4,117	0.5%	29,224	3.3%	34,217	4.3%	21,395	2.5%	37,625	3.6%	53,181	5.1%
Miscellaneous (Boeing, Pratt & Whittney, etc.)	—	0.0%	—	0.1%	4,125	0.4%	1,062	0.1%	3,040	0.3%	7,980	0.9%	2,104	0.3%	8,032	0.9%	20,874	2.0%	1,620	0.2%
Total	1,176,617	100.0%	1,115,444	100.0%	1,090,867	100.0%	1,150,150	100.0%	913,479	100.0%	875,910	100.0%	799,425	100.0%	849,273	100.0%	1,048,695	100.0%	1,052,396	100.0%

Note: Landed Weights are based on carrier who actually flew the operation not under Carrier ticket sold

Colorado Springs Municipal Airport
Colorado Springs, Colorado
Average Daily Departures by Airlines (Unaudited)
December 31, 2018

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Major / National airlines										
Alaska Airlines (12)	—	—	—	—	1	1	1	1	1	—
Allegiant Air	1	1	1	1	1	1	1	1	1	0.1
American	5	5	5	5	5	5	4	4	5	6
America West (2)	—	—	—	—	—	—	—	—	—	—
Continental (3)	5	5	4	2	3	3	—	—	1	0.4
Delta (4)	4	5	4	4	3	3	3	3	3	3
ExpressJet Airlines (5)	—	—	—	—	—	—	—	—	—	—
Frontier (11)	5	6	5	6	1	—	—	1	5	5
Mesa (6)	—	—	—	—	—	—	—	—	—	—
Midwest Airlines (7)	—	—	—	—	—	—	—	—	—	—
Northwest (8)	2	—	—	—	—	—	—	—	—	—
United (9)	19	20	16	21	19	16	15	15	16	17
US Airways (10)	4	—	—	—	—	—	—	—	—	—
Total major and national airlines	45	42	35	39	33	29	24	25	32	31.50

1 Includes departures of Chautauqua Airlines/Trans States Airlines (American Connection) and American Eagle.
2 Includes departures of America West Express. America West merged with US Airways September 2005.
3 Includes departures of Continental Express.
4 Includes departures of Comair (Delta Connection) and SkyWest.
5 ExpressJet Airlines started service in April 2007 and ceased by September 2008.
6 Mesa Airlines discontinued service in November 2006.
7 Midwest Airlines started service July 2007 ceased operations April 2008.
8 Includes departures of Pinnacle and Mesaba (Northwest Airlink).
9 Includes departures of SkyWest, ExpressJet, Republic Airways and Trans States serving as United Express carriers
10 Includes Republic Airways and Shuttle America & US Express. US Airways merged with America West in Sept 2005.
11 Frontier started service April 2008, ceased service April 2013 and restarted service in April 2016
12 Includes departures from SkyWest doing business as Alaska Airlines. AS began service to Seattle in November 2013.

Source: City of Colorado Springs, Airport Management records.

Colorado Springs Municipal Airport
Colorado Springs, Colorado
Recent Trends in Total Air Cargo (Unaudited)
December 31, 2018

	Total air cargo (tons)			Percent
Year	Air Freight	Mail	Total	increase (decrease)
2009	11,484	0	11,484	-11.0%
2010	11,172	0	11,172	-2.7%
2011	10,826	0	10,826	-3.1%
2012	11,559	0	11,559	6.8%
2013	11,488	0	11,488	-0.6%
2014	11,880	2	11,882	3.4%
2015	12,189	1	12,190	2.6%
2016	8,828	0	8,828	-27.6%
2017	7,921	0	7,921	-10.3%
2018	7,656	0	7,656	-3.3%

Source City of Colorado Springs, Airport Managements records.

Colorado Springs Municipal Airport
Colorado Springs, Colorado
Historical Non-Airline Revenues (Unaudited)
December 31, 2018

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Terminal Building										
Concession										
Food & Beverage	$ 331,061	$ 323,087	$ 308,389	$ 318,086	$ 274,851	$ 287,614	$ 299,406	$ 360,992	$ 473,186	$ 534,345
Retail	398,677	368,979	336,619	327,854	321,960	319,781	327,456	341,328	394,588	455,191
Advertising	155,156	127,337	111,075	179,626	172,508	112,006	55,220	126,720	94,537	202,694
Non-Airline Space Rental	545,917	629,327	684,721	675,696	740,389	424,767	624,610	746,037	570,810	619,930
Other	112,874	96,197	94,774	89,727	89,047	83,000	74,764	81,006	46,951	44,781
	1,543,685	1,544,927	1,535,578	1,590,989	1,598,755	1,227,168	1,381,456	1,656,083	1,580,072	1,856,941
Terminal Area										
Public Parking	5,566,698	5,325,655	4,974,074	5,227,055	4,213,990	3,513,428	3,278,261	3,985,361	4,717,490	4,753,388
Rental Car Fees and Rents	3,676,794	3,508,167	3,493,309	3,464,474	2,665,820	3,060,730	2,896,271	2,947,008	3,254,045	3,519,862
Ground Transportation Fees	90,347	91,849	98,613	88,748	86,960	109,650	85,621	81,212	144,185	210,524
Support Building Rentals	20,765	20,185	29,375	69,696	40,117	198,442	38,121	37,947	38,542	39,244
	9,354,604	8,945,856	8,595,371	8,849,973	7,006,887	6,882,250	6,298,274	7,051,528	8,154,262	8,523,018
Airfield Area										
Fuel Farm Rentals	28,446	19,450	28,946	29,196	29,196	30,562	30,562	31,187	32,061	32,061
Remain Over Night	79,750	94,900	41,150	38,185	44,290	39,605	32,950	23,830	13,593	14,330
Diversion Landing Fees	50,349	68,523	60,141	19,533	49,907	61,905	39,777	28,242	14,717	27,324
	158,545	182,873	130,237	86,914	123,393	132,072	103,289	83,259	60,371	73,715
Fountain Site										
Ground & Building Rentals	41,948	54,960	13,059	13,341	146,755	—	—	—	—	—
Utility Reimbursements	—	—	—	—	—	—	—	—	—	—
	41,948	54,960	13,059	13,341	146,755	—	—	—	—	—
Aviation Support										
Fuel Sales	685,427	867,806	1,147,831	1,183,966	984,879	1,129,480	774,561	661,744	874,209	1,005,820
Ground and Building Rentals	716,201	710,833	750,608	908,369	679,955	836,688	1,195,013	1,218,387	1,265,271	1,450,887
	1,401,628	1,578,639	1,898,439	2,092,335	1,664,834	1,966,168	1,969,574	1,880,131	2,139,480	2,456,707
Business Park Phase I										
Ground & Building Rentals	188,885	188,885	188,885	193,384	204,785	206,129	206,129	187,689	211,373	232,696
	188,885	188,885	188,885	193,384	204,785	206,129	206,129	187,689	211,373	232,696
Administrative										
Miscellaneous	235,818	94,491	115,237	166,477	198,251	219,226	311,601	274,167	1,161,201	1,563,244
Late Fees	81,265	87,631	18,076	9,593	9,983	1,313	1,340	850	308	502
Grant Reimbursement	—	—	—	—	—	—	208,585	179,494	—	—
Fingerprinting	14,085	21,805	23,760	22,320	18,900	18,045	13,590	34,965	26,775	32,095
Interest on Pooled Cash	—	—	—	—	—	—	—	—	—	233,297
Premier Memberships	—	—	—	—	—	—	—	—	266,375	379,416
Premier Sponsorship	—	—	—	—	—	—	—	—	26,630	26,630
	331,168	203,927	157,073	198,390	227,134	238,584	535,116	489,476	1,481,289	2,235,184
Total Non-Airline Revenues	$13,020,463	$12,700,067	$12,518,642	$13,025,326	$10,972,543	$10,652,371	$10,493,838	$11,348,166	$13,626,847	$15,378,261

Source: City of Colorado Springs, Airport records, except as noted.
2009-2018 Airline Rates and Changes Settlement Accrual, Exhibit F-6.